

Statistics of Income

SOI BULLETIN

Department of the Treasury
Internal Revenue Service

Volume 10, Number 3

Winter 1990–1991

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Selected Historical Data

Statistics of Income

SOI BULLETIN

Department of the Treasury
Internal Revenue Service

Publication 1136 (Rev. 3-91)

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The SOI Bulletin provides the earliest published annual financial statistics from various types of tax and information returns filed with the Internal Revenue Service. It also includes information from periodic or special analytical studies of particular interest to tax administrators. In addition, historical data are provided for selected types of taxpayers, as well as the gross internal revenue collections and other tax related items.

Information on the availability of additional unpublished data concerning the topics in this issue may be obtained by writing to the Statistics of Income Division R:S, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608.

In addition, special Statistics of Income tabulations based on income tax returns can be produced upon request on a reimbursable basis. Requests for this service should be addressed to the Director, Statistics of Income Division, at the address shown above.

Robert A. Wilson and Bettye Jamerson of the Statistics of Income Division were the technical editors and were assisted by Wendy Alvey and Beth Kilss, who wrote the SOI Bulletin Board column, and Clementine Brittain who provided editorial support and prepared the copy. Any views expressed in the articles are those of the authors and do not necessarily represent the views of the Treasury Department.

Suggested Citation

Internal Revenue Service
Statistics of Income Bulletin
Winter 1990-1991
Washington, D.C. 1991

For sale by the Superintendent of Documents,
U.S. Government Printing Office,
Washington, D.C. 20402

STATISTICS OF INCOME DIVISION

PUBLICATIONS AND TAPES

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The following Statistics of Income reports and tapes can be purchased from the Statistics of Income Division (unless otherwise indicated). Prepayment is required, with checks made payable to the IRS Accounting Section. For copies from the Statistics of Income Division, please write:

Director, Statistics of Income Division (R:S)
Internal Revenue Service
P. O. Box 2608
Washington, DC 20013-2608

BUSINESS SOURCE BOOKS:

- *Corporation Source Book, 1987, Publication 1053 -- Price \$175.00*

This 480-page document presents detailed income statement, balance sheet and tax, by major and minor industries and size of total assets. The report, which underlies the *Statistics of Income--Corporation Income Tax Returns* publication, is part of an annual series and can be purchased for \$175 (issues prior to 1982 are for sale at \$150 per year). A magnetic tape containing the tabular statistics for 1986 can be purchased for \$1,500.

- *Partnership Source Book, 1957-1983, Publication 1289 -- Price \$30.00*

This 291-page document shows key partnership data for 1957 through 1983, at the minor, major and division industry levels. It includes a historical definition of terms section and a summary of legislative changes affecting the comparability of partnership data during that period. Tables show:

o Number of partnerships	o Depreciation	o Payroll
o Number of partners	o Taxes paid deduction	o Payments to partners
o Business receipts	o Interest paid	o Net income

(A magnetic tape containing the tabular statistics for partnerships can be purchased for \$300 from the National Technical Information Service, U.S. Department of Commerce, Springfield, VA 22161.) More recent partnership data are published annually in the *Statistics of Income Bulletin*.

- *Sole Proprietorship Source Book, 1957-1984, Publication 1323 -- Price \$95.00*

This *Source Book* is a companion to that for partnerships, described above. It is a 244-page document showing key proprietorship data for 1957 through 1984; data for farm proprietorships are excluded after 1981. Each page presents statistics for a particular industry. Tables show:

o Number of businesses	o Depreciation	o Payroll
o Business receipts	o Taxes paid deduction	o Net income
o Interest paid		

STATISTICS OF INCOME DIVISION

PUBLICATIONS AND TAPES

A magnetic tape containing the tabular statistics can be purchased for \$245. As with partnerships, more recent (nonfarm) sole proprietorship data are published annually in the *Statistics of Income Bulletin*.

COMPENDIUMS:

- ***Studies of International Income and Taxes, 1979-1983, Publication 1267 -- Price \$45.00***

This report presents information from 13 *Statistics of Income* studies in the international area (many of them previously published in the *SOI Bulletin*), including:

- o Foreign activity of U.S. corporations
- o Activity of foreign corporations in the United States
- o Foreign controlled U. S. corporations
- o Statistics related to individuals, trusts and estates
- o Data presented by--
geographical area or industrial activity, as well as other classifiers

- ***Partnership Returns, 1978-1982, Publication 369 -- Price \$22.00***

This report presents previously unpublished *Statistics of Income* data for 1980, 1981 and 1982, as well as data previously issued in the *SOI Bulletin* and in other publications. Features include:

- o Number of partnerships
- o Limited partnerships
- o Receipts
- o Cost of sales and operations
- o Deductions
- o Net income
- o Capital gains
- o Data presented by--
industry
size of total assets
State
number of partners

REIMBURSABLE SERVICES (prices dependent on the request):

- **Public Use Magnetic Tape Microdata Files**

This includes individual income tax returns for 1978-1986. (Individual income tax returns for 1966-1977 are available from the Center for Electronic Records (NNX) of the National Archives and Records Administration, Washington, DC 20408.) Files containing more limited data for each State are also available for 1985. All of these files have been edited to protect the confidentiality of individual taxpayers. Files for private foundations for 1982, 1983 and 1985 and nonprofit charitable organizations for 1983 and 1985 are also available from the Statistics of Income Division. The individual, private foundation and charitable organization files are the only microdata files that can be released to the public.

- **Migration Data**

Compilations showing migration patterns, from where to where, by State and county, based on year-to-year changes in the tax return address. Data are available for selected time periods (according to the years in which returns were filed) between 1978 and 1988 and include counts of the number of individual income tax returns and personal exemptions. In addition, county income totals are available for Income Years 1982 and 1984 through 1987.

STATISTICS OF INCOME DIVISION

PUBLICATIONS AND TAPES

- **Other Unpublished Tabulations**

Unpublished tabulations also from *Statistics of Income (SOI)*, including detailed tables underlying those published in the *SOI Bulletin*. Special tabulations may also be produced, depending on the availability of SOI computer programming resources.

OTHER PUBLICATIONS:

The following *Statistics of Income* publications are available from the Superintendent of Documents, U.S. Government Printing Office. For copies write:

Superintendent of Documents
U.S. Government Printing Office
Washington, DC 20402

Statistics of Income (SOI) Bulletin (Quarterly), Publication No. 1136
Stock Number 748-005-00000-5 -- Subscription price, \$20.00; Single copy price, \$7.50

Provides the earliest published financial statistics from individual and corporation income tax returns. The *Bulletin* also includes annual data on nonfarm sole proprietorships and on partnerships, as well as from periodic or special studies of particular interest to tax analysts and administrators and to economists. Historical tables include data from *SOI* as well as on tax collections and refunds by type of tax.

Statistics of Income--1987, Corporation Income Tax Returns, Publication No. 16
Stock Number 048-004-02299-1 -- Price \$15.00

This report presents more comprehensive and complete data on corporation income tax returns with accounting periods ended July 1987 through June 1988, than those published earlier in the *SOI Bulletin*.

Presents information on--

- o Receipts
- o Deductions
- o Net income
- o Taxable income
- o Income tax

- o Tax credits
- o Assets
- o Liabilities

o Data classified by--

- industry
- accounting period
- size of total assets
- size of business receipts

Statistics of Income--1987, Individual Income Tax Returns, Publication No. 1304
Stock number 048-004-02296-6 -- Price \$9.00

This report presents more comprehensive and complete data on individual income tax returns for 1987 than those published earlier in the *SOI Bulletin*.

o Presents information on--

- Sources of income
- Exemptions
- Itemized deductions
- Tax computations

o Data presented by--

- size of adjusted gross income
- marital status

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By James R. Hobbs	

For 1987, there were 10,500 foreign corporations that reported income "effectively connected" with a U.S. business operation. The receipts they reported totaled \$61 billion, although overall they reported a net loss of over \$160 million. While corporations engaged in real estate activities represented the largest percentage of the total (61 percent), it was the banking industry that accounted for most of the receipts (70 percent). Companies incorporated in the Netherlands Antilles, most of them in real estate activities, accounted for 42 percent of all foreign corporations. On the other hand, companies incorporated in Japan, dominated by 33 banks, reported the largest share of receipts (\$21.3 billion).

Foreign Recipients of U.S. Income, 1988	19
By John J. Bradford	

During 1988, U.S. source income paid to foreign "persons" rose by 40 percent to more than \$31.8 billion compared to 1987, while the U.S. income tax withheld on this income increased by 30 percent to \$1.7 billion. For the second consecutive year, Japan received the largest U.S. payments--\$8.4 billion. This was 89 percent more than 1987. Interest payments were the largest source of income, but because most interest was exempt from tax withholding, this led to a lower rate of increase in total tax withheld. Corporations received the bulk of the income paid to foreigners.

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By Karla M. Daronco	

For 1986, U.S. corporations claiming a foreign tax credit reported more foreign-source taxable (net) income from Canada (\$10.5 billion) than from any other country; almost half was petroleum-related. This was the first time in the 1980's that any country had surpassed the United Kingdom as the principal source of foreign taxable income. The United Kingdom fell to second place, followed by Japan and West Germany. The largest amounts of foreign taxes were paid to these same four countries. While the total foreign-source income of U.S. companies continued to rise, the income from OPEC countries and the principal North Sea oil-producing nations declined. The total foreign tax credit for 1986 amounted to \$22.3 billion and was claimed on over 4,500 corporation income tax returns.

Projections of Returns to be Filed in Fiscal Years 1991-1998	47
By Bonnie L. Nichols	

A total of 205.3 million "primary" tax returns and supplemental documents are projected to be filed with the Internal Revenue Service in Fiscal Year 1991, an increase of 1.5 percent over the number filed in Fiscal Year 1990. With the exception of 1992, yearly rates of growth in total filings are expected to decrease from 1.5 percent to 1.2 percent in 1998. A major reduction in anticipated 1992 filings is due to the planned implementation of a change eliminating the need for individuals to file requests for extensions of filing time.

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SOI Bulletin Board

SOME OBSERVATIONS AND INSIGHTS

This is the second in a series about the Statistics of Income (SOI) Division's application for the Office of Management and Budget's (OMB) Quality Improvement Prototype Award. For that effort, submitted last August, we went through a process of assessing SOI quality activities, from about 1985 to the present, against the OMB Total Quality Management criteria.

Although we were not selected for the award, the participation of

most of the Division in this activity was a very valuable learning experience. For one thing, it has shown us the importance of continuous growth and improvement as individuals, as well as an organization.

In the Fall issue we reprinted an excerpt from the award application -- the section on **QUALITY ENVIRONMENT**, the first of eight criteria on which we assessed ourselves and were, then, evaluated. This time, we are reprinting the sections covering **QUALITY MEASUREMENT** and **QUALITY IMPROVEMENT PLANNING**.

The first of these two criteria examines the scope, validity, use, and management of data and information that underlie the organization's quality improvement system. The second examines the extent to which Total Quality Management is considered in the planning process. Particular emphasis is placed on how and when customer requirements are identified, customer satisfaction is assessed and both are used for the planning process. The questions asked in the OMB application appear in boldface type followed by our answers.

Excerpts from the SOI Division's OMB Quality Improvement Prototype Award Application

QUALITY MEASUREMENT

Describe the organization's quality-related measures and indicate the type of information they contain relating to customers, suppliers, internal operations, products or services.

Customer satisfaction measures are derived from customer surveys placed in the *SOI Bulletin* publication and from customer feedback through telephone calls, letters, meetings or visits. Statistics are kept on whether customer requests are satisfied within pre-set response times; typically, standards are given for a telephone or written request to be answered; and routine and periodic publications are provided on a set schedule.

Supplier quality measures include weekly information on such key quality indicators as the percentage of sampled documents located for immediate processing. Processing accuracy is measured against standards contained in the Annual Quality Plan. We do not rely heavily on large samples to check supplier quality; instead, all our suppliers are asked to guarantee a minimum level of quality and to commit to meet or surpass it.

Internal (Division) operation measures of quality are less systematic than those developed for customers, suppliers and final products. Checklists, schedule controls and quality logs are used, though, to track most complex internal operations, e.g., the delivery of a computer tape file. Despite the exis-

tence of a detailed operating manual, however, we are still learning how to fully apply Total Quality Management (TQM) in the white-collar portions of our business.

Product and service quality measures are provided at virtually every significant stage of an operation or project. All projects are monitored routinely for timeliness, and reports on quality are sent to our major Treasury customers monthly and to major outside customers quarterly. Accuracy measures are provided as a by-product of computer processing or through subsamples of work in-process. Measures of sampling and other statistical errors are calculated and made available to the customer. Quality measures are not used to ask, "Are things under control?" but,

rather, "Where should we focus improvement efforts?"

State the most significant changes in the types of information the organization collects now compared to the period prior to initiating the TQM process.

Before 1985, we had instituted the use of customer survey forms in all our publications; however, until the creation of the Information Office in 1989, little use was made of these survey results; minimal monitoring of the quality of our telephone services existed and correspondence, while "controlled," was often late and uneven in responsiveness. Prior to 1985, monthly monitoring of timeliness was in existence for major Treasury studies, but routine reporting on the timeliness of projects for outside customers did not begin until 1986.

Supplier measures of quality before 1985 were reasonably satisfactory as to timeliness and cost, but otherwise often highly subjective and nonsystematic. Internal operation quality measures were virtually nonexistent prior to 1985; those that did exist were used mostly during and immediately after a crisis (i.e., on an exception basis, rather than on a continuous improvement basis).

Product and service quality measures existed prior to 1985, much as they do today. However, our use of them was different then -- largely focused on control, not improvement. In fact, these measures showed a gradual deterioration of our quality during the early 1980's. Customer complaints, while not common, were not rare either. Our viewpoint then, not without some merit, was that budget cuts and increasing workloads prevented us from doing better. At that time, we hadn't grasped organizationally that the quality process was a way to save money and produce better results. We had mechanisms in place to deal with complaints, but our response was often defensive and not "opportunistic."

We occasionally still fall into this attitude today, but rarely.

Describe how the organization uses the information it collects, and specifically how it is used for continuous improvement. Give specific examples.

Run charts and control charts, for both the current and previous year, are used to track changes in processing quality over time. Many of these are produced weekly. Pareto charts are also developed to focus attention on the best improvement opportunities. Quality statistics are shared among suppliers and used by suppliers and project managers as the basis for TQM, i.e., to target areas for improvement and to hold gains once identified. We are always consciously looking from project to project and supplier to supplier for the best approaches. For example, during the processing of the first returns filed after the 1986 Tax Reform Act, it was apparent that many taxpayers were having problems with the new complexities introduced (e.g., the alternative minimum tax and the new passive loss limitations). The quality logs being kept by suppliers and project managers were shared as each reporting problem was encountered. Timely updates to instructions were provided once a resolution was determined. This system of continuous feedback and continuous improvement in instructions remains in place today as a cornerstone of supplier TQM. A key component of our quality efforts is to share good ideas quickly so as to enhance organizational learning and to document better in order to retard institutional forgetting.

Describe how the organization ensures that key data are accurate, timely and available to those who need them.

Accurate data on quality are ensured through quality audit and other management techniques; among these are regular site visits by project managers and analysts, computer checks of all completed work, regular

telephone communication on problem cases, and periodic small samples of work done by all suppliers to check for possible "drift" in the interpretation of instructions after centralized training.

Timely data on quality are obtained through a telecommunication network installed in 1988. Weekly submissions are required from each service center on key performance indicators. This system is being expanded to replace some of the small amount of telephonic reporting that still exists.

Quality management statistics are available in the weekly "Statisticians' Newsletter" (for suppliers) and the "Weekly Highlights" (mainly for customers). Special analyses are provided as needed, including semi-annual summary reports to upper management in each service center (as part of the process of thanking them for their successes).

QUALITY IMPROVEMENT PLANNING

Describe the short-term and long-term goals for Total Quality Management (TQM), and the process for establishing these goals. Describe how and to what extent employees participate in the planning process.

TQM planning is a totally integrated process at SOI, with the full and active involvement of management, employees, suppliers and key customers. Since SOI is neither an autonomous nor an independent production entity, improvement is impossible without close and constant communication with our product and service customers (the Treasury Department's Office of Tax Analysis (OTA), the Joint Committee on Taxation, the Bureau of Economic Analysis and other governmental and private sector clients) as well as our processing partners (the 10 service centers, Returns Processing and Accounting Division, Computer Services, the Martinsburg and Detroit Computing Centers). In fact, it is only through such communication that the con-

stantly changing customers' needs can be determined, and, through such knowledge of our customers and processing partners, that new needs can be anticipated and accommodated.

Short-term goals for TQM center on making small improvements throughout SOI all the time – the success of which encourages the undertaking of larger improvements. One example of this technique is system modernization, a long-term goal which can be broken up into a series of short-term pieces and carried out a bit at a time (starting with the smaller SOI projects). Annual goals included in the Service Center Quality Plan, such as reducing the number of missing returns, are another. As successes are achieved, the taste of success has led to growing use of the processes that achieved them.

Our basic long-term goal is to continue to change the SOI culture. By instilling commitment to quality and the right shared values within the organization, we can let the values dictate the way we operate. To create this new culture, we are changing the way we do many things. Some of these are reflected in the SOI Multi-Year Planning process, which spells out our future operations. For example, we are well along in the move from batch-to-batch, person-to-person, function-to-function statistical processing to an on-line, one-person, one-pass process. The right people with the right skills (and tools) and empowerment will help us achieve this long-term goal. The tremendous benefits in terms of increased data accuracy and timeliness and decreased costs are being realized in the small projects, most of which have already been restructured.

Employees participate in the planning process by providing input during the preparation and development of the SOI Multi-Year Operating and Service Center Quality Plans. Employee input, for example, is solicited through formal channels

(frequent staff meetings and one-on-one manager/employee and employee team sessions), as well as informally through simple individual initiative, such as developing customer and supplier contacts. Individual initiative has been encouraged, not only through the award process, but also by granting virtual autonomy to a growing number of employees and employee groups, such as teams established to plan, develop, and implement a complete project.

Briefly summarize specific plans for TQM, identifying key priorities for short-term and long-term improvement. Describe how these plans are managed on a routine, operational basis.

Priorities for short-term improvement include continuing the project-by-project modernization efforts, with the Individual Program being phased in this year and Corporation next year; developing an Automated Control System to facilitate control of returns selected for SOI and to minimize shipping and handling costs; continuing efforts to acquire state-of-the-art computers and enhancing in-house capabilities in still other ways (e.g., to reduce "middle-man" printing delays, by moving fully to desk-top publishing).

Specific plans for TQM for long-term improvement include consolidating SOI operations by reducing the number of suppliers to improve responsiveness, accountability, communication and lower costs. Already, for example, all our small projects are carried out by using a single (service center) supplier (some in Cincinnati, some in Ogden). We are focusing more on the "ultimate" supplier – the taxpayer – to get accurate information to begin with (e.g., as in our experimentation with cognitive research techniques – which examine what influences respondents to respond – leading mainly to improved forms design) and shifting from descriptive statistical products to inferential statistical services (e.g., from tables to data structured for input into tax policy models).

Improvement plans are managed routinely through weekly staff meetings, program review meetings and regular customer contacts. For suppliers, progress is managed through weekly control charts, manager and analyst on-site reviews and the quarterly submission of quality improvement results.

Describe specifically how customer requirements and feedback are taken into account in the planning process to improve existing products and services.

Customer requirements, obtained through ongoing customer-supplier contacts, are translated into key product delivery dates, tape standards, information content and table requirements. For example, customer requirements and feedback can result in changing an entire process, such as the Individual Program sample. OTA, a major user of the Individual Program, determined that, due to tax reform and other factors, changes were needed in the Individual Program sample, so that OTA would be better able to estimate certain tax legislation effects. The changes included providing for the creation of tax families, the establishment of a longitudinal panel (tracking information on the same taxpayers over the years), and the design of a sample better suited to providing estimates for lower income taxpayers.

To effect these changes, SOI established a Quality Planning Team composed of representatives from OTA and our suppliers (service centers, Detroit Computing Center, and IRS Computer Services), statistical consultants and several SOI employees representing various technical areas. This process represented a milestone, in that this group was the first Quality Planning Team to be set up within the IRS. Using the Juran Quality Planning Process in their meetings, the team laid the foundation for the Sample Redesign.

Once the planning process was complete, an Implementation Team

was formed within SOI to carry out the recommendations of the Planning Team. The Implementation Team continues to hold regular meetings with OTA to provide updates and get needed buy-ins. A unique aspect of this entire effort is that SOI has helped the customer refine needs and requirements by a give-and-take process that is basically "data driven."

Describe the principal types of data, information and analyses used in planning (such as customer requirements, process capabilities, supplier data and benchmark data).

The planning process is basically evolutionary, impacted greatly by ex-

perience and by advice obtained from quality champions within the SOI function and by experts, such as Juran and Deming. Traditional customer planning meetings have provided information on customer concerns and annual content requirements. Semi-annual SOI Advisory Panel meetings with the academic community are also held; these provide long-term guidance on the broad, strategic direction of SOI programs. The focus is still the customer, but the objectives are long-term. For our suppliers, Fiscal Year Annual Business Reviews are used to evaluate data on the service center efforts to accomplish SOI functional critical success factors.

Annual Quality Planning Meetings are held with service center managers; these provide a focus to look at results and to examine supplier needs and concerns. Review visits and the Service Center Quarterly Quality Activity Reports also provide information and collect data on problem areas and improvement opportunities. Benchmark data (how we did in the past) and process capability data (what our "best" performance was) are derived from the information systems mentioned above and still others. We also have efforts underway to benchmark our performance against other government organizations engaged in similar activities.

THIS ISSUE AT A GLANCE

Three of the four articles that appear in this issue have to do with the "international" area. The first provides industry data on foreign corporations doing business in the United States; the second, data on foreign recipients of U.S. income; and the third, on the corporate foreign tax credit. All three feature data by country (or geographic area) -- country of incorporation in the first instance, country of recipient in the second, and country to which foreign taxes were paid, in the third. The final article presents projections of returns expected to be filed with the Internal Revenue Service during the current and next 7 fiscal years. A brief description of the data provided in each article follows:

- *Foreign Corporations with Income Effectively Connected with a U.S. Business, 1987.*-- Presents data for companies incorporated abroad, but that conduct business in the United States, nearly all of which file a Form 1120F corporation income tax return. In prior years, data for these corporations were in-

cluded in the same *Bulletin* article that provided data on foreign-controlled U.S. corporations, under the title "Foreign Corporate Investment and Activities in the United States." The companion article for 1987, on foreign-controlled U.S. corporations, appeared in the Summer 1990 issue.

- *Foreign Recipients of U.S. Income, 1988.*-- Though for 1988 rather than 1987, this article presents data on the income paid to, and the U.S. income tax withheld from, foreign "persons" other than corporations with income "effectively connected" with a U.S. business. All data are from Form 1042S, Foreign Person's U.S. Source Income Subject to Withholding.
- *Corporate Foreign Tax Credit by Country, 1986.*--The data presented here include foreign income by source and type, whether from foreign branches or otherwise, and the foreign income taxes paid on this income by the type of income on which the taxes were based.

All of this information is based on the corporation income tax returns filed by those claiming a foreign tax credit, particularly the attached Form 1118, Computation of Foreign Tax Credit. The "by industry" half of this biennial study was published in the Fall 1990 issue of the *Bulletin*.

- *Projections of Returns to be Filed in Fiscal Years 1991-1998.*--Provides the latest projections of the principal types of returns to be filed with the Internal Revenue Service and processed through its computerized Master File System, taking into account the most recent legislative or administrative changes in filing requirements, as well as demographic and various economic assumptions.

BEHIND THE SCENES

This column will, again, be devoted to highlighting individuals in SOI Division who have played key roles in our initiatives to modernize our data

processing systems. In the Summer 1990 issue, we provided general information about the conversion of service center processing of our programs to an on-line environment. We used that opportunity to introduce the members of our Distributed Processing System Team and Technical Team, all of whom have contributed significantly to our progress to date. That was followed, in our last issue, by an introduction to the activities and teams connected with the Prototype Individual SOI Modernization Project. This time, we are focussing on the group of people involved in the conversion of our other major program -- corporations.

In April 1989, through a reimbursable agreement with the Commerce Department's Bureau of Economic Analysis, the SOI Division began to develop an on-line system that would enable selected early financial data to be produced from the U.S. Corporation Income Tax Return (Form 1120) Program. A group of systems and subject-matter analysts, known as the Corporation Advanced Data System (CADS) Team, was set up for this purpose. Once in place, studies would be conducted annually, beginning with Tax Year 1990, to provide preliminary income statement, tax, distributions and foreign source income data.

Developing the Corporation Program on-line was a difficult task. Part of the project involved combining the data capture and error resolution processes into one, as well as instructions for these two aspects of the study. The complicated part, however, has been including in the new system capacities for eight different return types, noncalendar year filing periods plus other characteristics unique under the corporate tax law.

Despite the tough problems that had to be solved, the CADS team and everyone associated with it have been successful in their efforts. So much so, in fact, that production, scheduled to begin in February 1991, actually began a month ahead of schedule! Much of this success is due to the effective blending of the diverse backgrounds of team members -- the CADS project represents the first time subject-matter economists and systems analysts have functioned together as equals in the corporate program. Beginning with the Tax Year 1990 program, statistical editors in six service centers will enter data in an on-line interactive environment. These service centers will have access to the corporate SOI database residing on a mini-computer in the Ogden Service Center (OSC) via the Consolidated Data Network (CDN) telecommunications lines.

Here in the SOI Division, the CADS project is being managed by ROYLENE GOMILLION, Acting Chief of the Corporation Statistics Branch Research Section. The team working with Roylene is comprised of ALLISON CLARK, KAREN GUTMANN, GLENN HENTZ and THERESE MCFADDEN, subject-matter analysts, who are responsible for preparing processing specifications, writing the edit (data capture) manual and training the statistical editors in the service centers, as well as testing the system. The systems analysts, LISA CHAU, CONSTANCE CARNEY and SANDRA NEALE, are responsible for developing the computer specifications, testing the system and working closely with the programmers.

In the field, we are ably assisted by many colleagues in Ogden and at the Detroit Computing Center (DCC). In particular we would like to acknowledge the help of the

programmers and developers at OSC, including LARRY BENNINGTON, TIM CHILDS, MARVIN DEA, ROBERT DESPANE and DAVID HAMILTON, and managed by DEBORAH EDDY, Chief of the National Office Special Projects Section. Also working closely with the development are IRMA FISHER, Systems Administrator, and MARY ANN HALE, Database Manager. At DCC, our programming support is provided by LORETTA LEWIS and MARGARET WALTERS.

YOUR CALL

We thought you might be interested in an update on the volume of inquiries our Statistical Information Services (SIS) Office receives. In the 2 years since the SIS Office first began (in February 1989), there has continued to be a steady increase in the number of telephone and written requests for SOI data and publications. In the 12-month period January through December 1990, our staff handled a total of 4,082 inquiries -- 3,524 were answered by telephone; 558 were answered by letter responses.

It is interesting to note that:

- the most calls -- or about 16 percent of the telephone inquiries -- were received from consultants;
- most of the written responses, however, were to "other" private businesses -- about 19 percent of all letters sent;
- over half of the telephone calls came from five groups: consultants; "other" private businesses; the Internal Revenue Service, itself; "other" Federal government organizations (see the table below), and State and local government organizations;

- a different mix of five groups accounted for nearly 70 percent of the written responses: consultants; colleges and universities; "other" private businesses; State and local government organizations; and private citizens;
- the average number of telephone inquiries received per month in 1990 (nearly 300) is about 25 percent more than was received in 1989, while the average number of letter responses written per month in 1990 was about the same (approximately 50) as the previous year; and
- finally, about 5 percent of the calls and written responses were in reply to media requests. However, with some exceptions, media requests are referred directly to, or at least must be coordinated with, IRS Public Affairs Media Relations Staff (202-566-4024).

The following table summarizes the cumulative inquiry count, from January through December 1990, by type of inquirer and type of response:

Inquirer	Telephone	Letter
Total	100.0%	100.0%
Consultant/Researcher	15.9	10.4
Accounting Firm	2.2	2.7
Association	5.7	4.5
Law Firm	2.8	2.3
Other Private Business	10.7	19.2
College	5.8	12.4
Public Library	0.9	1.1
Private Citizen	8.9	12.8
State/Local Government	9.1	14.9
IRS	13.6	3.4
Congressional	6.6	4.3
Other Federal Government	9.1	3.6
Foreign	0.9	2.0
Media	5.2	4.8
Student	2.2	2.3
Other	0.2	0.0

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UPCOMING FEATURES

The following are some of the articles planned for inclusion in upcoming issues of the *SOI Bulletin*:

- Individual Income Tax Returns, Preliminary Data, 1989;
- Average and Marginal Tax Rates, 1987;
- Tax-exempt Organization Unrelated Business Income and Tax, 1987;
- Private Foundations, 1986-87;
- Sole Proprietorships, 1989;
- Partnerships, 1989;
- Corporations, 1988.

Foreign Corporations with Income Effectively Connected with a U.S. Business, 1987

By James R. Hobbs*

For 1987, 10,500 "foreign" corporations (i.e., those incorporated abroad) reported \$61 billion of receipts generated from activities "effectively connected" with a U.S. trade or business. Overall, these companies reported a net deficit of \$162 million from these activities. Only 3,300 of these companies reported a profit, totalling \$2.2 billion. This resulted in \$589 million of tax (referred to as the "Section II" tax in this article), after the reduction of credits and the addition of small amounts of tax from recomputing prior-year investment credits [1].

FOREIGN OPERATIONS IN THE UNITED STATES

Foreign "persons" can establish business operations in the United States through several forms, including corporations, partnerships, and joint ventures. In regard to corporations, foreigners can either gain control of an existing U.S. company, create a new U.S. company, or operate in the United States as a branch of a foreign company. This article focuses on the latter [2].

There are several factors involved in the decision of a foreign investor to operate in the United States through either a "domestic" or "foreign" corporation [3]. The U.S. tax structure is one of these factors and it is discussed next in this article for foreign corporations operating in the United States.

U.S. TAXATION

Foreign corporations are those that are incorporated abroad. Thus, they are not created or organized in the United States, or under the laws of the United States or any of its States. These corporations are, however, subject to U.S. income tax on income "effectively connected" with the conduct of a U.S. trade or business, as well as on income from U.S. sources that is not effectively connected. There are two methods of taxation that apply, depending on whether or not the income is considered to be effectively connected with a trade or business in the United States [4].

Foreign corporations are taxed on income effectively connected with a U.S. trade or business in a manner similar to that used to tax the income of domestic corporations. This tax is referred to as "Section II" tax on Form 1120F, U.S. Income Tax Return of a Foreign Corporation. To determine the taxable income, gross income that is effectively connected with a U.S. trade or business is reduced by allowable deductions to the extent that such deductions are related to this income [5]. The same tax rates, tax methods, and credits used to reduce tax liability are available to both foreign and domestic corporations.

The Tax Reform Act of 1986 changed the regular corporate tax rates, effective July 1, 1987 [6]. For the period before this date, the rates were as follows:

<u>Taxable income</u>	<u>Tax rate</u>
\$25,000 or less	15%
\$25,001 to \$50,000	18%
\$50,001 to \$75,000	30%
\$75,001 to \$100,000	40%
Over \$100,000	46%

If a corporation's taxable income exceeded \$1 million, then the corporation was liable for an additional tax equal to the lesser of (a) 5 percent of the taxable income over \$1 million, or (b) \$20,250.

For the period beginning on July 1, 1987 and continuing thereafter, the corporate tax rates were changed to:

<u>Taxable income</u>	<u>Tax rate</u>
\$50,000 or less	15%
\$50,001 to \$75,000	25%
Over \$75,000	34%

If a corporation's taxable income exceeds \$100,000, then the corporation is liable for an additional tax equal to the lesser of (a) 5 percent of the taxable income over \$100,000, or (b) \$11,750.

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For accounting periods that included July 1, 1987, taxable income was subjected to both the old and new tax rates, with the resulting tax determined based on a proration of the number of days in the accounting period that fell before and after July 1. Because the statistics for 1987 shown in this article represent corporate returns with accounting periods that ended between July 1987 and June 1988 (and, thus, began as early as August 1986 for a 12-month period), the income tax amounts were calculated based on a mix of both the old and revised tax rates.

The 1986 Act also repealed the alternative tax on capital gains beginning July 1, 1987. Previously, companies with net long-term capital gains could elect to use an alternative method of tax computation if it produced a lower amount of tax than under the regular method. Under the alternative method, net long-term capital gains were taxed separately at a rate of 28 percent (34 percent for the period January 1, 1987, to July 1, 1987). The remainder of taxable income was then taxed at the regular rates. Under the 1986 Act, corporate long-term capital gains are taxed as ordinary income; there is no alternative tax computation for capital gains [7].

Credits could be used to reduce the "Section II" tax calculated under either the regular or alternative methods. These credits included, for Tax Year 1987, the foreign tax credit and the general business credit. The Tax Reform Act of 1986 made certain changes to the credits available to corporations. In addition to the regular or alternative tax after credits, a foreign corporation's "Section II" tax could include a tax from recomputing prior-year investment credits.

Fixed or determinable annual or periodic income from U.S. sources, such as interest, dividends, rents, royalties, annuities, and certain gains (such as from the sale or exchange of patents and copyrights) may or may not be effectively connected income [8]. This is determined on the basis of whether the income is from assets used in the conduct of a U.S. trade or business and whether the activities of the U.S. trade or business are a principal factor in producing the income.

A foreign corporation that disposes of U.S. real property interests must treat the gain or loss as effectively connected income, even if the corporation is not otherwise engaged in a U.S. trade or business. In addition, a foreign corporation could elect to treat certain income from U.S. real property as effectively connected income, even if it otherwise would not have been considered to be this type of income. Included were certain gross rents, royalties, and gains. This election permitted the corporation to apply deductions against this gross income. For 1987,

over 60 percent of foreign corporations with U.S. effectively connected income were classified as real estate companies. This is discussed in more detail later in this article.

Certain types of foreign-source income were also considered to be U.S. effectively connected income. For instance, interest received by a foreign bank from sources outside the United States was treated as effectively connected with the conduct of a U.S. trade or business if the bank had an office in the United States to which the income was attributable and if the interest was derived from banking activities in the United States. Because foreign income taxes were imposed on such interest, banks accounted for nearly all of the total foreign tax credit claimed by foreign corporations with U.S. effectively connected income for 1987.

As mentioned previously, foreign corporations were also taxed on U.S.-source income that was not effectively connected with the conduct of a U.S. trade or business. (This tax is referred to as "Section I" tax on Form 1120F.) This income included certain amounts of investment income, such as interest, dividends, rents, royalties, annuities, and gains from the sale or exchange of certain property (including patents, copyrights, timber and coal). Gross income in these categories was taxed at a rate of 30 percent unless the rate had been reduced as the result of a tax treaty between the United States and the foreign company's country of incorporation [9].

Basically, then, a foreign corporation's total U.S. tax was the sum of (1) the tax on income effectively connected with the conduct of a U.S. trade or business ("Section II" tax) and (2) the tax on U.S.-source income that was not effectively connected ("Section I" tax) [10]. It could also include (1) an alternative minimum tax, (2) an environmental tax, (3) a Personal Holding Company tax, and (4) branch profits and branch-level interest taxes. The environmental tax was authorized by the Superfund Amendments and Reauthorization Act of 1986. (The statistics for "Total U.S. Income Tax" shown in this article include all of the above taxes, except for the "Section I" tax, which is shown separately.)

The transfer of profits from a U.S. branch of a foreign corporation back to its main office in a foreign country was generally not subject to U.S. income tax. However, if the foreign corporation later distributed these profits as dividends and 50 percent or more of its gross income (over a 3-year period) was attributable to effectively connected income from its U.S. branch, then a portion of the distribution could become subject to a U.S. withholding tax of 30 percent. In addition, while interest paid by a U.S. branch of a foreign corporation to foreign creditors could

be a tax deduction in calculating effectively connected taxable income, this interest could also be subject to a U.S. withholding tax similar to that described for dividends. These "second-level withholding taxes" could be reduced or eliminated by U.S. income tax treaties with other countries.

The Tax Reform Act of 1986 replaced the "second-level withholding taxes" with "branch profits and branch-level interest taxes," subject to modification or elimination by tax treaties. For tax years beginning after 1986, the U.S. branch of a foreign corporation could be subject to a 30-percent tax on amounts considered to be a "dividend equivalent" and on certain "excess interest" deductions used in calculating effectively connected taxable income. Dividend equivalent is the branch's effectively connected earnings and profits for the year, reduced (or increased) by the amount of increase (or decrease) in the branch's U.S. net equity position during the tax year. Section 884 of the Internal Revenue Code specifies the branch profits and branch-level interest taxes.

Only data for the 10,478 foreign corporations which had income effectively connected with a U.S. trade or business for 1987 are included in this article. Foreign corporations with only U.S.-source investment income (i.e., income not effectively connected with a U.S. trade or business) are therefore excluded.

GROWTH OF FOREIGN CORPORATIONS

The activity of foreign corporations in the United States has grown at a rapid pace. Total receipts of these corporations from activities effectively connected with a U.S. trade or business grew from \$21 billion for 1983 to \$61 billion for 1987, a 193 percent increase, using current dollars. This growth rate was notably higher than the 34 percent increase for all U.S. corporation income tax returns (see Figure A). It should be noted that total receipts for domestic corporations includes income from both domestic and foreign activities. Generally, it also includes investment-type income, such as interest and dividends not directly connected with a business activity. The amount of U.S. source, business-related income of domestic corporations for 1983 through 1987 was not separately reported on the corporation income tax return and, thus, not available for comparison to the U.S. effectively connected income of foreign corporations.

As a result of the growth rate of foreign corporations with U.S. effectively connected income, their share of the receipts reported on all corporate returns increased from 0.29 percent for 1983 to 0.64 percent for 1987. While

Figure A.— Foreign Corporations with Income Effectively Connected with a U.S. Business Compared with All Corporations, 1983–1987

[All figures are estimates based on samples—money amounts are in millions of dollars]

Year and item	All corporation income tax returns	Returns of foreign corporations with U.S. effectively connected income
1987		
Number of returns.....	3,612,133	10,478
Total receipts.....	9,580,721	61,004
Net income (less deficit).....	328,224	- 162
U.S. income subject to tax.....	311,841	1,647
Total U.S. income tax after credits ²	86,989	614
1986		
Number of returns.....	3,428,515	11,342
Total receipts.....	8,669,379	43,626
Net income (less deficit).....	269,530	- 139
U.S. income subject to tax.....	276,173	1,818
Total U.S. income tax after credits ²	73,876	564
1985		
Number of returns.....	3,277,219	11,693
Total receipts.....	8,398,278	50,909
Net income (less deficit).....	240,119	- 1,487
U.S. income subject to tax.....	266,061	1,025
Total U.S. income tax after credits ²	63,348	362
1984		
Number of returns.....	3,170,743	10,905
Total receipts.....	7,800,711	43,656
Net income (less deficit).....	232,901	- 1,513
U.S. income subject to tax.....	257,054	902
Total U.S. income tax after credits ²	63,990	317
1983		
Number of returns.....	2,999,071	8,001
Total receipts.....	7,135,494	20,794
Net income (less deficit).....	188,314	- 1,118
U.S. income subject to tax.....	218,686	469
Total U.S. income tax after credits ²	51,479	152

¹ Table excludes foreign corporation returns with only income from U.S. sources that was not effectively connected with a U.S. trade or business. Income statement items shown in this table pertain only to the effectively connected income of foreign corporations.

² For foreign corporations, total U.S. income tax includes "Section II" tax, which was based on income effectively connected with a U.S. trade or business, as well as the Personal Holding Company tax, environmental tax, alternative minimum tax, and the branch profits and branch-level interest taxes. It excludes "Section I" tax since the income from U.S. sources is not effectively connected with the conduct of a trade or business in the United States.

these aggregate percentages are small, foreign corporations accounted for substantially larger portions of receipts for specific industries, particularly banking. This is discussed in the next section of this article.

INDUSTRY CHARACTERISTICS

As can be seen in Figure B, the finance, insurance and real estate industrial division accounted for most of the business activity in the United States by foreign corporations. In fact, for 1987, this division accounted for 77 percent of the returns filed and 80 percent of the total receipts resulting from trade or business effectively connected with a U.S. activity.

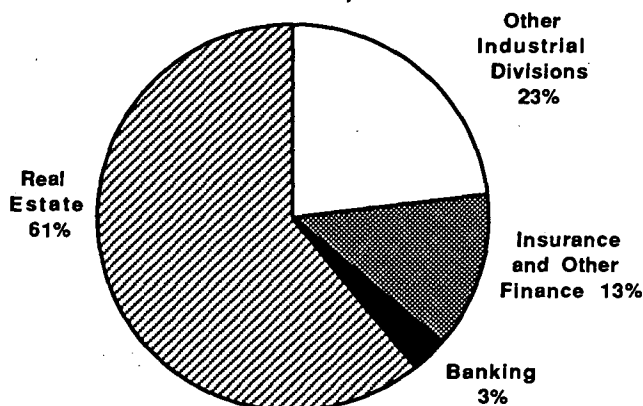
The 6,367 foreign corporations involved in real estate (61 percent of the total) generated only \$1.5 billion (or 3 percent) of total receipts. This was an average of just \$240,000 per company. As a group, foreign real estate companies reported a net deficit of \$332 million for 1987. For every company that reported a profit (i.e., net income for tax purposes), nearly three and one-half others reported losses (see Figure C).

Figure B

Foreign Corporations with Income Effectively Connected with a U.S. Business, by Industry, 1987

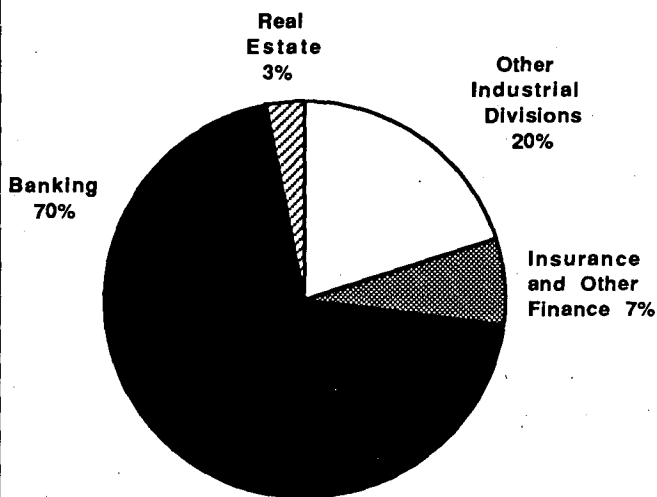
Number of Returns

Total: 10,478



Total Receipts

Total: \$61 Billion



Foreign banks in the United States reported receipts of nearly \$43 billion, or 70 percent of the total U.S. effectively connected income. Nearly all (\$37 billion) of this income was interest. Only 286 banks, 3 percent of all the foreign companies, generated these receipts for 1987.

The \$43 billion in receipts resulting from U.S. effectively connected business operations represented 11 percent of the worldwide receipts (\$395 billion) reported on all U.S.

Figure C.—Foreign Real Estate Companies with Income Effectively Connected with a U.S. Business, 1986 and 1987

[All figures are estimates based on samples—money amounts are in millions of dollars]

Item	1986	1987
Number of returns, total.....	7,110	6,367
With net income.....	2,086	1,862
Total receipts.....	2,069	1,534
Total deductions.....	2,409	1,856
Total receipts less total deductions.....	-340	-322
Net income (less deficit).....	-350	-332
Net income.....	589	238
Deficit.....	939	570
U.S. income subject to tax.....	428	124
Total U.S. income tax: ¹		
Before credits.....	133	47
After credits.....	131	46
Section I tax.....	5	1
Section II tax.....	130	41
Branch profits and branch-level interest taxes.....	N/A	4

¹ Total U.S. income tax includes "Section II" tax, which was based on income effectively connected with a U.S. trade or business, as well as the Personal Holding Company tax, environmental tax, alternative minimum tax, and the branch profits and branch-level interest taxes. It excludes "Section I" tax since the income from U.S. sources is not effectively connected with the conduct of a trade or business in the United States. "Section I" tax, however, is shown separately.

N/A - Not applicable.

corporation income tax returns with banking as their principal business activity. (Refer back to the "U.S. Taxation" section of this article for a discussion of foreign-source interest received by foreign banks which is considered to be U.S. effectively connected income.) The 1987 receipts of foreign banks in the United States represented a 63 percent increase over the \$26 billion reported for 1986.

Figure D compares foreign banks to all banks that filed U.S. income tax returns for 1987. The amount of receipts reported by foreign banks are those effectively connected with a U.S. business, while receipts reported on all U.S. income tax returns of banks represent worldwide activities. Substantially less foreign banks reported profits than did all of the banks, 38 percent compared to 68 percent. However, the 109 profitable foreign banks averaged \$15.5 million of net income, while the 8,309 total profitable banks averaged only \$2.5 million of net income. Reflecting this information, the ratios of total U.S. income tax before credits to total receipts were somewhat similar, 1.3 percent compared to 1.7 percent. After credits, the difference in the ratios of tax to receipts narrowed to 1.1 percent versus 1.3 percent. U.S. banks had substantial amounts of credits, particularly foreign tax credits.

The wholesale and retail trade industrial division was second to finance, insurance and real estate in total receipts, although it accounted for only 12 percent (or \$7.5 billion) of the total receipts of all foreign corporations. The corresponding percentage for the finance, insurance and real estate group was 80. No other industrial division represented more than 2.5 percent of the total (see Table 1).

Figure D.—Foreign Banks with U.S. Effectively Connected Income Compared with All Banks that Filed U.S. Income Tax Returns, 1987

[All figures are estimates based on samples—money amounts are in millions of dollars]

Item	All corporation income tax returns	Returns of foreign banks with U.S. effectively connected income
Number of returns, total	12,243	286
With net income	8,309	109
Percentage	67.9%	38.1%
Total receipts	394,678,345	42,828,676
Interest	300,518,674	36,676,217
Total deductions	371,784,728	41,783,357
Interest paid	216,656,309	35,310,938
Net income (less deficit)	14,224,568	1,028,086
Net income	20,377,186	1,693,394
Deficit	6,152,617	665,309
U.S. income subject to tax	16,830,301	1,330,199
Total U.S. income tax before credits ¹	6,765,723	546,353
Regular and alternative tax or Section II tax	6,484,540	533,283
Section I tax ²	26,871	26,871
Total credits	1,708,449	54,479
Foreign tax credit	1,366,848	52,747
General business credit	341,270	1,732
Total U.S. income tax after credits	5,057,274	491,874
Total U.S. income tax before credits as a percentage of total receipts	1.7%	1.3%
Total U.S. income tax after credits as a percentage of total receipts	1.3%	1.1%

¹For all returns, total U.S. income tax before credits includes regular and alternative taxes, Personal Holding Company taxes, taxes from recomputing prior year investment credits, environmental taxes, and alternative minimum taxes. For foreign corporations, total U.S. income tax before credits includes "Section II" tax, which is similar to the regular and alternative taxes and is based on income effectively connected with a U.S. trade or business, as well as the Personal Holding Company tax, the tax from recomputing prior year investment credit, environmental tax, and the alternative minimum tax. It also includes the branch profits and branch-level interest taxes for foreign corporations. However, it excludes "Section I" tax for these foreign companies since the income from U.S. sources is not effectively connected with the conduct of a trade or business in the United States.

²Only foreign corporations with U.S. effectively connected income could have Section I tax.

COUNTRY CHARACTERISTICS

Nearly three-fourths of the 10,478 foreign corporations which reported income effectively connected with a U.S. trade or business for 1987 were incorporated in the ten countries shown in Table 2. These 7,592 companies also accounted for 89 percent of the effectively connected receipts of all foreign corporations operating a U.S. trade or business.

Table 2 shows that nine of the ten countries with the largest amount of U.S. effectively connected receipts were the same for 1986 and 1987. The only new country on this list was Belgium, in the tenth position, which replaced the Netherlands. Foreign corporations from Belgium accounted for \$1 billion of receipts from U.S. effectively connected business activities.

The Netherlands Antilles had the largest number of foreign-incorporated U.S. businesses, totalling 4,375, or nearly 42 percent of the total for 1987. However, these corporations accounted for only 4 percent of the effectively connected receipts of all foreign corporations. This coincided with the fact that 3,422 of these corporations were principally involved in real estate activities and produced only \$870 million of receipts (see Table 3). As

previously noted, foreign corporations involved in U.S. real estate activities tended to report relatively small amounts of receipts, as compared to those engaged in other business activities.

Japanese corporations produced the largest amount (\$21.3 billion) of U.S. effectively connected receipts for 1987. This was an increase of nearly 80 percent, up from \$11.9 billion for 1986. The majority of the receipts were produced by banks. In fact, U.S. branches of 33 Japanese banks produced \$20.8 billion of U.S. effectively connected receipts for 1987. These receipts accounted for 98 percent of the receipts of the 394 Japanese-incorporated businesses operating in the United States.

Twenty of these 33 Japanese banks produced \$661 million of taxable (net) income (i.e., "U.S. income subject to tax" in the statistics) as a result of their U.S. effectively connected business activities. (The other 13 banks reported deficits and, as a result, had no taxable income.) This U.S. taxable income resulted in \$254 million of "Section II" U.S. taxes, prior to credits. However, this amount was reduced by \$51 million of foreign tax credits and \$1 million of general business credits. The \$51 million represented over 97 percent of the total foreign tax credits claimed by all foreign corporations with income effectively

Foreign Corporations with U.S. Operations, 1987

connected with a U.S. trade or business. The United States allowed a foreign tax credit against income tax for certain taxes paid or accrued to foreign countries. These taxes were based on the corporation's foreign-source taxable income, certain types of which were considered to be U.S. effectively connected income. (See the section entitled "U.S. Taxation.")

Canadian corporations produced the second largest amount (\$12.6 billion) of U.S. effectively connected receipts for 1987, a 174 percent increase over the 1986 amount of \$4.6 billion. Over 88 percent of these receipts were from companies classified in the finance, insurance and real estate industrial division. Banks and insurance companies accounted for most of these receipts, with \$6.8 and \$4.0 billion, respectively.

INDUSTRY AND COUNTRY COMBINATIONS

Table 3 shows the 13 industry-country combinations with the largest total receipts for 1987. Each of these combinations had over \$500 million of U.S. effectively connected receipts. As a group, these 13 combinations accounted for 80 percent of the \$61 billion of total receipts of foreign corporations with U.S. effectively connected income.

Nine of the 13 industry-country combinations involve foreign banks, from Japan (\$20.8 billion of receipts), Canada (\$6.8 billion), Italy (\$2.2 billion), West Germany (\$2.0 billion), France (\$2.0 billion), United Kingdom (\$1.9 billion), Switzerland (\$1.2 billion), Belgium (\$1.1 billion), and Australia (\$550 million). Two of the four remaining combinations were "miscellaneous" wholesalers from Switzerland and Bermuda. Miscellaneous wholesale trade included the distribution of the following items:

- Alcoholic beverages
- Apparel, piece goods, and notions
- Chemicals and allied products
- Drugs, drug proprietaries, and druggists' sundries
- Electrical goods
- Farm-product raw materials
- Furniture and home furnishings
- Hardware, plumbing, and heating equipment and supplies
- Lumber and construction materials
- Metals and minerals, except petroleum and scrap
- Motor vehicles and automotive equipment
- Paper and paper products
- Petroleum and petroleum products
- Sporting, recreational, photographic, and hobby goods, toys, and supplies

Other nondurable goods, except groceries and related products

Other durable goods, except machinery, equipment, and supplies

The two remaining combinations were Canadian insurance companies and real estate companies from the Netherlands Antilles.

INCOME STATEMENT AND TAX ITEMS

For 1987, the 10,478 foreign corporations reported receipts totalling \$61 billion from activities effectively connected with a trade or business in the United States. Business receipts amounted to \$20 billion, while \$38 billion of the total was interest income.

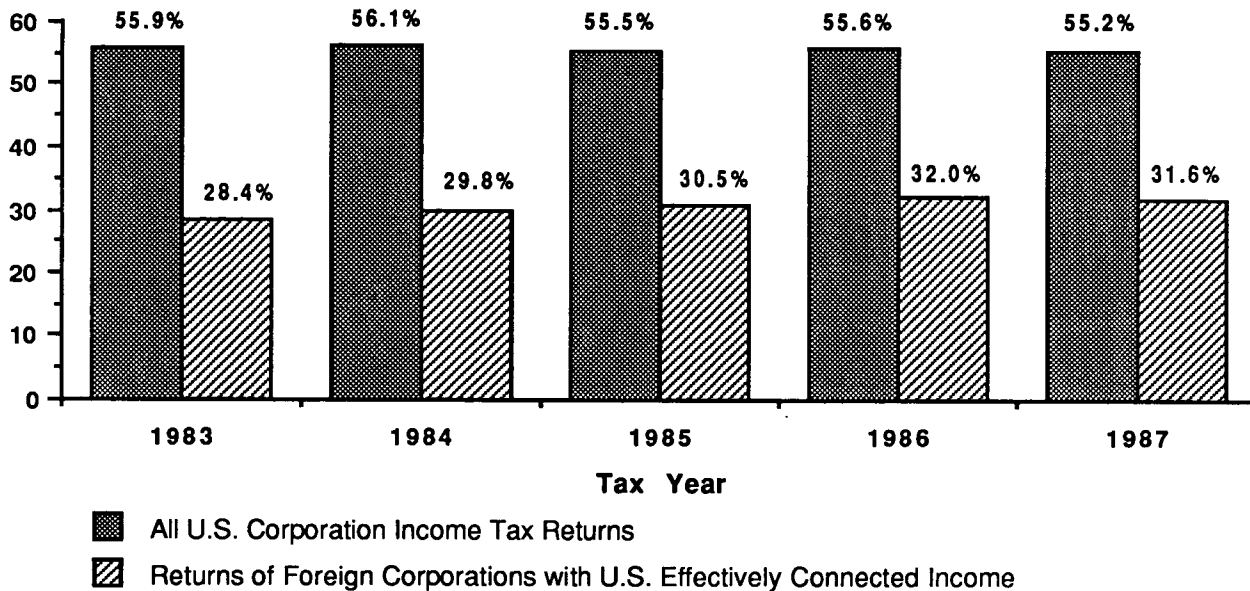
Collectively, foreign corporations claimed \$61 billion in deductions for 1987. Cost of sales and operations was \$12 billion. In conjunction with foreign banks producing large amounts of receipts in the form of interest income, they reported deductions for interest paid totalling \$35 billion. This amount was 96 percent of the \$37 billion of total interest paid by all of the foreign corporations.

Foreign corporations realized an overall net deficit of \$162 million from their effectively connected activities. This was the result of 3,306 corporations having \$2.2 billion of profits and 7,172 companies that were without profits, totalling \$2.4 billion of deficits. (A small number of these 7,172 companies were actually "breakeven" companies with equal amounts of receipts and deductions.) Thus, only 32 percent of the foreign corporations reported profits for 1987, as compared to 55 percent of all corporations filing U.S. tax returns. The percentages for 1986 were very similar to those for 1987, with only 32 percent of the foreign corporations reporting profits, compared to 56 percent for all corporations. See Figure E for a comparison of the percentages of profitable companies for the period 1983 to 1987. As can be seen in this figure, the percentage of profitable foreign corporations increased somewhat over the 5-year period.

For 1987, the profitable foreign corporations had \$1.6 billion of income subject to U.S. tax from their effectively connected activities with a U.S. trade or business. This amount was after net operating loss deductions and special deductions, and resulted in a "Section II" tax of \$645 million before credits. Tax credits of \$56 million reduced this U.S. tax liability, with foreign tax credits of \$53 million accounting for most of the credits. With the addition of small amounts of tax from recomputing prior-year investment credits, "Section II" tax totalled \$589 million. The \$589 million of tax represents less than 1 percent of the

Figure E
Percentage of Corporation Returns Reporting Net Income, 1983-1987

[All figures are estimates based on samples]



\$61 billion of effectively connected total receipts generated by foreign corporations.

Foreign corporations with effectively connected U.S. trade and business income also incurred \$31 million of income tax on U.S.-source income that was not effectively connected with their U.S. operations (i.e., "Section I" tax), as well as \$9 million of alternative minimum tax, \$12 million of branch profits and branch-level interest taxes, and \$4 million of environmental tax. None of the foreign corporations sampled for 1987 had any Personal Holding Company tax. (While "Section I" tax is shown separately in the statistics, the income on which it was based was not tabulated.)

SUMMARY

Foreign operations in the United States through corporations continued to grow at a relatively fast rate for 1987. While total receipts reported on all U.S. corporation income tax returns increased from 1986 to 1987 by 11 percent (using current dollars), receipts of foreign corporations with U.S. effectively connected income grew by 40 percent.

Foreign corporations with U.S. effectively connected income were largely involved in finance, insurance and

real estate activities. For 1987, this division alone accounted for 80 percent of the total receipts, with only 286 banks actually generating 70 percent of the \$61 billion of total receipts for all 10,478 foreign corporations.

Tax Year 1987 was not a very profitable year for foreign corporations with income effectively connected with a U.S. trade or business. For 1987, only 32 percent of the foreign corporations reported profits (as computed under the tax code). By comparison, 55 percent of all corporations filing U.S. tax returns reported profits for 1987.

Japanese corporations accounted for \$21 billion of the total \$61 billion of total receipts for all foreign corporations with U.S. effectively connected income. This was the largest amount of any country, with Canadian companies placing second by producing nearly \$13 billion of receipts. The receipts of Japanese and Canadian companies rose dramatically between 1986 and 1987.

DATA SOURCES AND LIMITATIONS

Sample

For foreign corporations with income effectively connected with a U.S. trade or business, the statistics are based primarily on samples of Forms 1120F (Return of a

Foreign Corporation). In addition to this form, the statistics include data from Form 1120L (U.S. Life Insurance Company Income Tax Return). Forms 1120L were filed by foreign companies that carried on a life insurance business in the United States. Thus, data for foreign corporations with income effectively connected with a U.S. trade or business could include information from Forms 1120L [11].

Form 1120F samples were stratified based on the size of total assets and the business activity, even though balance sheet information was not actually tabulated from Forms 1120F. The sampling rates specified for these forms were either 20 percent or 100 percent, depending on the size of total assets and the business activity. Forms 1120L were stratified based solely on the size of total assets. The sample rates specified for these forms were either 50 percent or 100 percent, depending on the size of total assets.

Because the data presented in this article are estimates based on samples, they are subject to sampling error. To properly use the data, the magnitude of the sampling error should be known. Coefficients of variation (CV's) are used to measure that magnitude. For a general discussion of CV's, see the Appendix to this publication. For a more detailed discussion of CV's, see *Statistics of Income -- 1987, Corporation Income Tax Returns*.

Nonsampling Limitations

Most of the data in this article relate to 1987. However, for each tax year, the estimates cover returns with accounting periods that ended in a 12-month span beginning in July and ending in June. Thus, for Tax Year 1987, the span covered dates ending between July 1987 and June 1988.

As a result of the 12-month span for ending accounting periods, the statistics for each year shown in this article include income received or expenses incurred during a 23-month span. For Tax Year 1987, that span was from August 1986 through June 1988.

Each return used for the studies described in this article was given an industry code during statistical processing. This code was used as a classifier of the returns, as shown in Tables 1 and 3 of the article. (Tables 2 and 3 are classified by geographical area.) The industry code represented the principal business activity (i.e., the activity which accounted for the largest portion of total receipts) of the corporation filing the return. However, a given return may have been for a company engaged in several business activities. (In general, foreign corporations

could not be members of affiliated groups eligible to be included in consolidated returns.) To the extent that some corporations were engaged in many types of business activities, the data in this article are not entirely related to the industrial activity under which they are shown.

The income statement data for foreign corporations shown in this article are only for those corporations which had income effectively connected with a U.S. trade or business. U.S.-source investment income (including interest, dividends, rents, royalties, annuities, and other fixed or determinable annual or periodic income) that was not effectively connected with the conduct of a U.S. trade or business is excluded from the data. The tax liability on this U.S. source investment income is, however, shown separately under the heading of "Section I" tax.

NOTES AND REFERENCES

- [1] "Section II" tax is based on a foreign corporation's income effectively connected with the conduct of a trade or business in the United States. The term "Section II" refers to the part of Form 1120F which requires information on this income.
- [2] Also see Hobbs, James R., "Domestic Corporations Controlled by Foreign Persons, 1987," *Statistics of Income Bulletin*, Summer 1990, Volume 10, Number 1.
- [3] Sections 7701(a)(4) and (5) of the Internal Revenue Code define a domestic corporation as one created or organized in the United States or under the laws of the United States or any State. A foreign corporation is one which is not domestic.
- [4] Section 864(c) of the Internal Revenue Code and the related Internal Revenue Regulations describe tests to be used in determining whether income is effectively connected with a U.S. trade or business.
- [5] Charitable contributions are deductible, subject to a limitation, whether or not they are related to effectively connected income.
- [6] For a complete discussion of this Act, see IRS Publication 921, *Explanation of the Tax Reform Act of 1986 for Business*. This Act is also discussed in *Statistics of Income -- Corporation Income Tax Returns*, for 1986 and 1987.
- [7] The Tax Reform Act of 1986 created an alternative minimum tax (AMT). Capital gains of corporations were included in the base of this tax (i.e., the alter-

native minimum taxable income). The AMT became effective for tax years beginning after December 31, 1986.

- [8] While capital gains that were considered to be effectively connected with a U.S. trade or business were taxable income, other U.S.-source capital gains were exempt from the U.S. income tax.
- [9] For a list of tax treaties, see U.S. Department of the Treasury, Internal Revenue Service, *Withholding of Tax on Nonresident Aliens and Foreign Corporations*, Publication 515.

[10] Foreign corporations are also subject to a 4 percent tax on one-half of their gross transportation income. This income is derived from the transportation of people or property that begins or ends in the United States, or from leasing or renting vessels or aircraft in such transportation. The tax is included in "Section I" tax.

[11] For 1987, the statistics may also include data from a small number of returns filed on Form 1120-PC, U.S. Property and Casualty Insurance Company Income Tax Return. This form was new for Tax Year 1987.

Foreign Corporations with U.S. Operations, 1987

Table 1.—Selected Income and Tax Items, by Industrial Division, 1986 and 1987

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Year and item	All industrial divisions	Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1987									
Number of returns, total.....	10,478	330	456	94	208	247	433	8,097	567
With net income.....	3,306	86	150	47	88	*25	181	2,512	202
Total receipts.....	61,004,223	91,794	492,599	195,151	1,549,370	1,371,329	7,464,569	49,020,877	791,285
Business receipts.....	19,971,381	74,803	417,690	171,700	1,515,167	1,353,202	7,422,990	8,407,740	582,635
Interest ²	37,934,117	4,192	27,247	7,029	5,232	*1,417	10,102	37,860,644	18,184
Total deductions.....	61,130,044	173,085	548,585	198,264	1,641,720	1,737,577	7,508,374	48,458,891	835,377
Cost of sales and operations.....	11,728,444	43,703	166,414	164,304	1,258,767	788,703	7,018,759	2,110,670	162,316
Interest paid.....	36,611,462	13,690	97,520	*8,207	37,789	78,228	38,385	36,271,749	63,884
Net income (less deficit).....	-161,948	-81,312	-56,004	-3,113	-92,350	-366,248	-43,805	525,911	-44,092
Net income.....	2,243,914	4,828	27,518	7,268	31,408	*6,481	34,487	2,097,908	33,716
U.S. income subject to tax.....	1,647,056	*2,203	*1,688	*1,361	*22,392	*5,708	13,193	1,589,956	10,262
Total U.S. income tax ³	669,637	*642	*1,137	*463	*8,683	*2,166	9,199	643,350	3,953
Section II tax.....	644,752	*613	*524	*332	*8,316	*2,126	4,719	624,690	3,387
Branch profits and branch-level interest taxes.....	11,654	*29	*2	—	*338	40	*1,866	9,214	*164
Foreign tax credit.....	52,776	—	—	—	—	—	—	52,776	—
Other credits ⁴	3,017	—	—	*5	*220	—	*263	2,521	*12
Section I tax.....	30,997	—	*5	*61	—	*478	*401	30,017	3
Distributions to stockholders except in own stock.....	107,657	*101	*634	—	—	492	*1,380	105,000	*51
1986									
Number of returns, total.....	11,342	309	551	77	204	144	413	8,970	592
With net income.....	3,631	75	155	*25	62	60	160	2,796	252
Total receipts.....	43,625,980	86,315	318,406	125,979	1,305,108	1,232,267	7,510,200	32,244,709	782,098
Business receipts.....	15,751,678	67,509	293,971	115,215	1,260,288	1,186,518	7,467,765	4,772,429	577,263
Interest ²	24,292,785	5,383	2,704	3,479	6,501	*3,719	8,465	24,247,782	14,715
Total deductions.....	43,739,001	126,960	535,025	153,273	1,384,786	1,462,864	7,552,494	31,712,717	807,187
Cost of sales and operations.....	11,802,435	23,225	149,867	108,132	1,018,521	835,915	7,014,183	2,393,305	256,576
Interest paid.....	23,561,904	30,111	108,140	6,680	50,921	50,763	36,746	23,216,551	61,984
Net income (less deficit).....	-139,186	-40,654	-216,909	-27,332	-79,678	-230,597	-42,376	506,248	-25,090
Net income.....	2,492,836	5,673	8,010	*610	61,783	36,112	56,879	2,251,735	54,392
U.S. income subject to tax.....	1,817,909	*3,627	1,153	*290	50,818	26,065	24,267	1,648,834	45,196
Total U.S. income tax ³	687,783	*1,307	423	*148	23,081	10,370	10,093	620,392	15,685
Section II tax.....	680,695	*1,307	221	*55	23,015	10,039	10,051	614,059	15,673
Foreign tax credit.....	118,341	—	—	—	—	—	*49	118,291	*1
Other credits ⁴	5,794	*87	*15	—	*184	*70	*75	5,029	334
Section I tax.....	12,907	—	*7	*58	*164	*1,870	3	10,712	*9
Distributions to stockholders except in own stock.....	194,903	—	*5,756	—	*5,606	*454	*57,776	119,037	*5,403

* Estimate should be used with caution because of the small number of returns on which it is based.

¹ Includes "Nature of business not allocable," which is not shown separately.² Includes taxable interest received from obligations issued by the U.S. Government, as well as taxable amounts received on loans, notes, mortgages, bank deposits, and corporate bonds.³ Total U.S. income tax includes "Section II" tax, which was based on income effectively connected with a U.S. trade or business, as well as the Personal Holding Company tax, environmental tax, alternative minimum tax, and the branch profits and branch-level interest taxes (for 1987 only). It excludes "Section I" tax since the income from U.S. sources is not effectively connected with the conduct of a trade or business in the United States. "Section I" tax, however, is shown separately.⁴ Includes nonconventional source fuel and general business credits for 1986, and just the general business credit for 1987.⁵ Less than \$500 per return.

NOTE: Table excludes foreign corporation returns with only income from U.S. sources that was not effectively connected with a U.S. trade or business. Income statement items shown in this table pertain only to the effectively connected income of foreign corporations.

Foreign Corporations with U.S. Operations, 1987

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Table 2.—Selected Income and Tax Items, by Selected Country, 1986 and 1987

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Year and country ¹	Number of returns		Total receipts	Business receipts	Total deductions	Cost of sales and operations	Net income (less deficit)	Net income
	Total	With net income						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1987								
All countries	10,478	3,306	61,004,223	19,971,381	61,130,044	11,728,444	- 161,948	2,243,914
Japan.....	394	121	21,308,574	1,570,319	20,809,628	328,453	491,337	693,180
Canada.....	1,781	593	12,599,858	7,193,826	12,146,075	2,800,565	452,497	909,012
Switzerland.....	255	85	5,545,289	4,414,913	5,496,043	4,187,763	49,180	74,965
West Germany.....	230	127	3,230,388	1,209,094	3,213,583	988,671	7,122	61,178
Netherlands Antilles.....	4,375	1,186	2,636,847	1,500,968	3,030,625	796,500	- 403,409	165,117
Italy.....	15	(²)	2,202,559	26,607	2,318,968	* 5,185	- 116,409	808
United Kingdom.....	388	167	2,190,206	348,979	2,202,559	171,987	- 12,419	41,876
France.....	42	27	1,970,131	76,257	1,964,160	* 319	5,940	34,146
Bermuda.....	100	40	1,329,300	1,191,578	1,339,508	1,164,325	- 11,812	28,590
Belgium.....	* 12	* 6	* 1,078,899	* 28,124	* 1,047,689	—	* 31,210	* 32,160
1986								
All countries	11,342	3,631	43,625,980	15,751,678	43,739,001	11,802,435	- 139,186	2,492,836
Japan.....	283	103	11,854,703	671,223	11,102,864	289,769	751,794	853,443
Switzerland.....	271	91	4,809,878	3,704,304	4,672,352	3,428,957	135,847	289,920
Canada.....	1,641	661	4,590,725	1,715,466	4,619,331	1,147,891	- 29,038	242,919
Netherlands Antilles.....	5,226	1,389	4,376,141	3,101,630	5,156,662	2,313,831	- 794,936	288,458
West Germany.....	238	137	3,335,852	1,604,029	3,247,001	1,387,629	82,427	112,141
United Kingdom.....	407	158	2,622,554	909,573	2,624,273	604,884	- 2,017	84,804
Italy.....	25	* 3	2,154,544	97,146	2,214,644	* 71,003	- 60,100	* 9,666
France.....	43	* 20	1,832,224	98,667	1,932,071	* 12,293	- 99,848	* 5,760
Bermuda.....	107	62	1,413,057	1,367,699	1,338,930	1,231,080	74,033	91,461
Netherlands.....	208	69	587,811	54,980	485,264	* 24,374	102,547	178,538
Year and country ¹	U.S. income subject to tax	Total U.S. income tax ²	Section II tax	Branch profits and branch-level interest taxes	Foreign tax credit	Other credits ³	Section I tax	Distributions to stockholders except in own stock
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1987								
All countries	1,647,056	669,637	644,752	11,654	52,776	3,017	30,997	107,657
Japan.....	664,691	256,397	255,053	* 198	51,353	* 891	* 13,629	—
Canada.....	670,621	279,078	277,053	* 1,490	—	* 218	12,001	42,373
Switzerland.....	37,410	17,700	13,169	* 229	—	8	* 278	* 253
West Germany.....	56,981	22,379	22,288	* 4	1,366	* 183	* 1	* 47
Netherlands Antilles.....	71,951	27,179	23,882	2,385	* 13	998	829	26,644
Italy.....	—	3	—	—	—	—	—	—
United Kingdom.....	23,736	8,946	8,783	* 55	—	* 503	* 90	* 8,131
France.....	* 7,032	3,597	* 2,739	* 307	—	3	2	6,500
Bermuda.....	28,185	12,452	12,280	133	—	* 5	* 22	* 10,464
Belgium.....	—	* 771	—	—	—	—	* 3,943	—
1986								
All countries	1,817,909	687,783	680,695	N/A	118,341	5,794	12,907	194,903
Japan.....	745,227	302,213	300,968	N/A	111,713	* 746	* 222	* 2,408
Switzerland.....	231,742	70,021	66,314	N/A	—	* 11	* 613	* 23,120
Canada.....	204,490	87,931	87,578	N/A	* 1	285	5,737	55,096
Netherlands Antilles.....	163,107	50,437	49,741	N/A	* 573	929	1,805	27,471
West Germany.....	69,698	31,193	31,113	N/A	* 1,617	* 970	(⁵)	* 3,300
United Kingdom.....	28,091	12,106	12,092	N/A	2,731	* 1,749	* 26	* 6,055
Italy.....	—	—	—	N/A	—	—	151	—
France.....	* 702	* 176	* 176	N/A	—	* 16	—	—
Bermuda.....	47,847	21,607	21,601	N/A	* 46	* 13	—	* 118
Netherlands.....	165,302	49,122	48,472	N/A	—	* 251	—	* 45,246

* Estimate should be used with caution because of the small number of returns on which it is based.

¹ Country is based on the location of incorporation of the foreign corporation.

² Total U.S. income tax includes "Section II" tax, which was based on income effectively connected with a U.S. trade or business, as well as the Personal Holding Company tax, environmental tax, alternative minimum tax, and the branch profits and branch-level interest taxes (for 1987 only). It excludes "Section I" tax since the income from U.S. sources is not effectively connected with the conduct of a trade or business in the United States. "Section I" tax, however, is shown separately.

³ Includes nonconventional source fuel and general business credits for 1986, and just the general business credit for 1987.

⁴ Estimate not shown to avoid disclosure of information.

⁵ Less than \$500 per return.

N/A - Not applicable.

NOTE: Table excludes foreign corporation returns with only income from U.S. sources that was not effectively connected with a U.S. trade or business. Income statement items shown in this table pertain only to the effectively connected income of foreign corporations.

Foreign Corporations with U.S. Operations, 1987

Table 3.—Selected Items, by Selected Industry and Country Combinations, 1987

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Industry	Country ¹	Number of returns	Total receipts	Net income (less deficit)	Net income	U.S. income subject to tax
		(1)	(2)	(3)	(4)	(5)
All industries	All countries.....	10,478	61,004,223	- 161,948	2,243,914	1,647,056
Banking.....	Japan.....	33	20,847,742	573,829	687,462	660,586
Banking.....	Canada.....	*18	*6,770,740	*730,162	*771,931	*576,904
Miscellaneous wholesale trade	Switzerland.....	6	4,236,954	9,748	12,731	1,517
Insurance.....	Canada.....	*16	*3,966,671	* - 179,679	*21,963	*20,103
Banking.....	Italy.....	10	2,196,362	- 114,331	808	—
Banking.....	West Germany.....	12	2,035,273	22,357	46,413	45,234
Banking.....	France.....	9	1,958,331	2,706	27,097	—
Banking.....	United Kingdom.....	20	1,897,266	- 9,970	*20,832	*10,303
Banking.....	Switzerland.....	5	1,188,000	8,004	18,671	7,999
Miscellaneous wholesale trade	Bermuda.....	*7	*1,103,037	* - 11,860	*680	*680
Banking.....	Belgium.....	*7	*1,078,898	*31,234	*32,160	—
Real estate	Netherlands Antilles	3,422	870,064	- 319,793	111,949	48,281
Banking.....	Australia.....	5	553,069	10,057	12,731	6,878

Industry	Country ¹	Total U.S. income tax ²	Section II tax	Branch profits and branch-level interest taxes	Credits ³	Section I tax ⁴
		(6)	(7)	(8)	(9)	(10)
All industries	All countries.....	669,637	644,752	11,654	55,793	30,997
Banking.....	Japan.....	255,022	253,881	—	52,237	13,172
Banking.....	Canada.....	*242,048	*242,047	—	*4	*9,474
Miscellaneous wholesale trade	Switzerland.....	3,408	586	214	8	5
Insurance.....	Canada.....	*7,543	*7,519	—	—	*1,437
Banking.....	Italy.....	3	—	—	—	—
Banking.....	West Germany.....	18,152	18,083	—	1,520	—
Banking.....	France.....	820	—	271	—	—
Banking.....	United Kingdom.....	*4,130	*4,044	—	*486	—
Banking.....	Switzerland.....	4,590	3,196	—	—	263
Miscellaneous wholesale trade	Bermuda.....	*370	*236	*133	—	—
Banking.....	Belgium.....	*771	—	—	—	*3,943
Real estate	Netherlands Antilles	17,984	15,828	2,038	*733	565
Banking.....	Australia.....	2,968	2,941	—	117	—

* Estimate should be used with caution because of the small number of returns on which it is based.

¹ Country is based on the location of incorporation of the foreign corporation.² Total U.S. income tax includes "Section II" tax, which was based on income effectively connected with a U.S. trade or business, as well as the Personal Holding Company tax, environmental tax, alternative minimum tax, and the branch profits and branch-level interest taxes.³ Includes foreign tax and general business credits.⁴ "Section I" tax is excluded from total U.S. income tax since the income from U.S. sources is not effectively connected with the conduct of a trade or business in the United States.

NOTE: Table excludes foreign corporation returns with only income from U.S. sources that was not effectively connected with a U.S. trade or business. Income statement items shown in this table pertain only to the effectively connected income of foreign corporations.

Foreign Recipients of U.S. Income, 1988

By John J. Bradford*

During 1988, the amount of U.S. source income paid to foreign "persons" rose dramatically. This was the result of record inflows of foreign direct investment into the United States, strong net foreign purchases of U.S. bonds, and large inflows of foreign capital to U.S. banks to meet the surge in credit demand. The total amount of income paid to foreigners exceeded \$31.8 billion during 1988, a 40 percent increase from the previous year. U.S. taxes withheld on this income rose 30 percent to \$1.7 billion.

Payments to Japanese recipients increased nearly 89 percent from 1987 to a total of \$8.4 billion. This represented more than 26 percent of the total income paid. Residents of the United Kingdom received \$4.8 billion in payments during 1988, an increase of 13 percent. Canadian recipients received nearly 81 percent more than in 1987, \$3.1 billion. Payments to these three nations constituted more than half of the total.

BACKGROUND INFORMATION

The Internal Revenue Code imposes a 30 percent withholding tax on dividends, interest, royalties, and various types of fixed, determinable, annual, or periodic income paid to foreign persons [1]. When the withholding tax was first introduced in 1936, the statutory rate was 10 percent. The House Ways and Means Committee had rejected a possible 22.5 percent rate as a deterrent to foreign investment. The statutory rate was raised to 30 percent during World War II for the purpose of generating revenue for the war effort. The former rate has never been restored by Congress [2].

Over the years, the required amount of withholding has been modified for certain types of income. In fact, during 1988, less than 6 percent of all income paid was subject to the statutory rate of withholding. Some types of income have been exempted from withholding altogether. For example, the Deficit Reduction Act of 1984 expanded the interest exemption beyond bank deposit interest to include portfolio interest payments made to foreign per-

sons. This exemption was effective for all qualified debt issues made after July 18, 1984. The Act was intended to reduce borrowing through tax haven countries, and to encourage U.S. corporations to borrow foreign funds through direct Eurobond placements [3]. The interest paid on these new issues was exempted from withholding tax regardless of the recipient's country of residence. The amounts, however, still must be reported on Forms 1042S, *Foreign Persons' U.S. Source Income Subject to Withholding*.

A second way that reduction in the statutory rate has occurred is through use of tax treaties. These have been negotiated between the United States and other countries resulting in a reduction of the rates at which residents of either country are to be taxed on certain classes of income earned in the other. They were developed as a means to avoid double taxation on this income. The "Tax Treaties" section of this article contains a further discussion of this subject.

Finally, it should be noted that any income that is "effectively connected" with a U.S. trade or business is exempted from the withholding of tax under these regulations. For this type of income, the foreign recipient is required to file a U.S. tax return (Form 1120F for foreign corporations and Form 1040NR for foreign individuals) which consolidates all U.S. source income for the tax year. Deductions may then be applied and taxation is at the same graduated rates which are applicable for other U.S. taxpayers. The income which is reported on Forms 1042S, however, is taxed at a flat rate on the gross amount of each payment.

Generally, the person who pays or conveys the U.S. source income to the foreign person is liable for the tax and must withhold. An authorized withholding agent may be appointed by the U.S. payer after notice of the appointment is given to the IRS. The Form 1042S is filed by the withholding agent and details information such as amount and type of income, country and type of recipient, and withholding rate and amount of withholding.

*Foreign Returns Analysis Section. Prepared under the direction of Chris R. Carson, Chief.

During the 1980's, two other legislative changes relating to withholding on U.S. source income paid to foreigners were enacted. The Social Security Amendments of 1983 required U.S. tax withholding on certain benefits paid to foreign persons beginning in 1984. At the same time, the Railroad Retirement Act of 1937 was amended to require withholding on similar payments to foreigners made under that act.

TAX TREATIES

Residents of certain foreign countries may be entitled to reduced rates, or exemption from taxation, under an applicable tax treaty between the recipient's country of residence and the United States [4]. Generally, the foreign residents must notify the withholding agent that they are residents of a country with which the United States has an income tax treaty and, therefore, they are entitled to the treaty benefits. In certain instances, however, benefits are granted solely on the basis of the recipient's address. Treaty exemptions or reduced rates vary according to country and type of income. If there is no applicable tax treaty and the income is not exempt from withholding, then tax is withheld at the statutory rate (generally 30 percent on most income types).

Tax treaties were developed as a means of avoiding double taxation of income earned in one country by a resident of another. Presumably, overall losses from reduced withholding taxes on payments to residents of treaty partners would be roughly offset by a reduction in the amount of foreign tax credit claimed by U.S. persons against their U.S. income taxes on payments received from the treaty nation. However, this sort of reciprocity is not necessarily present in all treaty relationships.

When U.S. source income is paid to a foreign nominee or fiduciary in a treaty country on behalf of a person not entitled to benefits under the treaty, additional withholding may be collected by the country in which the nominee is located. The purpose of this is to prevent residents of non-treaty countries from taking advantage of the lower withholding rates of treaty countries. The additional tax is held by the government or withholding agent until the ultimate recipient provides proof of residency in that country. If residency is not proven, this tax is remitted to the United States (as shown in Table 1, Column 7). These amounts are not recorded in Figures A and B or elsewhere in this article because they were not reported on Forms 1042S. An exception to this is made in the case of Canada which remits any additional withholding in the year in which it was received.

Figure A shows a comparison of the effective rates of

withholding on payments to recipients in treaty countries and those in non-treaty countries. The effective rate of taxation is the amount of taxes withheld as a percentage of total income paid. Both rates decreased slightly from 1987. The primary reason for this was that a higher proportion of the income paid to all recipients was in categories which were exempt from withholding. For purposes of this analysis, the Netherlands Antilles has been retained as a treaty nation despite the partial termination of the United States-Netherlands Antilles treaty beginning on January 1, 1988. The withholding rate on dividends and royalties jumped to 30 percent as of this date. However, the largest share of Antilles income was related-party interest and the provision of the treaty which exempted this income from withholding remained in force.

Figure A.—Total Income, Tax Withheld, and Effective U.S. Withholding Rates for Treaty and Nontreaty Countries, 1988.

[Money amounts are in thousands of dollars]

Treaty status	Total income	Tax withheld	Effective U.S. tax rate
	(1)	(2)	(3)
All countries	\$31,845,694	\$1,705,499	5.36%
Treaty countries, total	27,968,124	1,419,881	5.27
Nontreaty countries, total	3,877,570	285,618	7.37

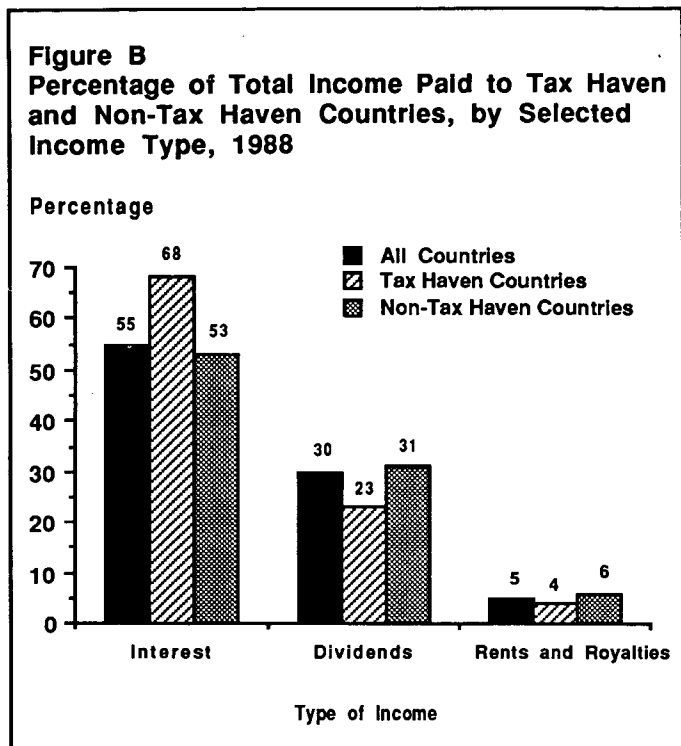
TAX HAVENS

A tax haven is a nation which affords secrecy to investors and permits the accumulation of wealth without any significant burden of taxation. Some of the characteristics of tax havens include:

- Income taxes imposed at a lower rate than those of the countries whose taxpayers utilize it.
- Financial and commercial information kept confidential.
- Currency controls not imposed on foreign nationals.
- Low or zero withholding on most or certain classes of income paid to foreign recipients.

Tax haven countries typically benefit by imposing taxes at low rates or collecting certain fees, such as those from incorporation. Through the Deficit Reduction Act of 1984 and other legislation, Congress has attempted to limit the use of tax havens as a shelter to U.S. income taxes. Therefore, many treaties now deny benefits if those benefits flow through to residents of a third country (although a number of exceptions do exist) [5].

Figure B shows the percentages of selected income types paid to tax haven and non-tax haven countries compared to the total [6]. The higher percentage of interest income paid to the tax haven countries highlights their use as a source of funds for many U.S. corporations.



A practice which the United States has sought to curtail is "treaty shopping." Taxpayers sometimes are able to "shop" into benefits which would not normally be available to them. To this end, a taxpayer generally interposes a corporation in a country that has an advantageous tax treaty. For example, if there is no treaty directly between the United States and Spain but one exists between both countries and the Netherlands, then a Spanish resident could establish a Dutch entity. The Spanish capital invested in the Dutch company would be reinvested in the United States. U.S. treaty-benefitted income would flow to the Dutch company, and the subsequent payments from the Dutch subsidiary to the Spanish investor would benefit from the Netherlands-Spain treaty. Certain provisions have been developed to ensure that only legitimate recipients may be able to take advantage of treaty benefits [7].

DATA HIGHLIGHTS

During 1988, more than \$31.8 billion in U.S. source income payments were made to foreign recipients. This represents an increase of 40 percent over the \$22.7 billion

which was paid in 1987. The bulk of this increase occurred in interest payments, which rose by nearly 55 percent. Several factors appear to have influenced this increase. As the U.S. prime lending rate increased more than Eurodollar rates, U.S. borrowers switched to overseas sources for funds. Also contributing to the strong increase in interest payments was a 24 percent increase in U.S. Treasury securities held by both private foreigners and foreign financial institutions. Furthermore, as the dollar stabilized in exchange markets, the interest rate differential favored U.S. bonds over Japanese or West German bonds. Net purchases of outstanding U.S. corporate bonds by foreigners increased fivefold during 1988. Demand was particularly strong from West Germany and Japan [8]. Refer to the "Country of Recipient" section of this article for further information.

The continuing economic recovery in the United States during 1988 made investment in this country attractive. Foreign direct investment in the United States increased 21 percent in 1988, following a similar 23 percent increase in 1987. This was heightened by heavy acquisitions of U.S. companies which were financed from abroad [9]. Many foreign multinationals have increased their U.S. holdings as a means of pursuing a strategy of global expansion and diversification.

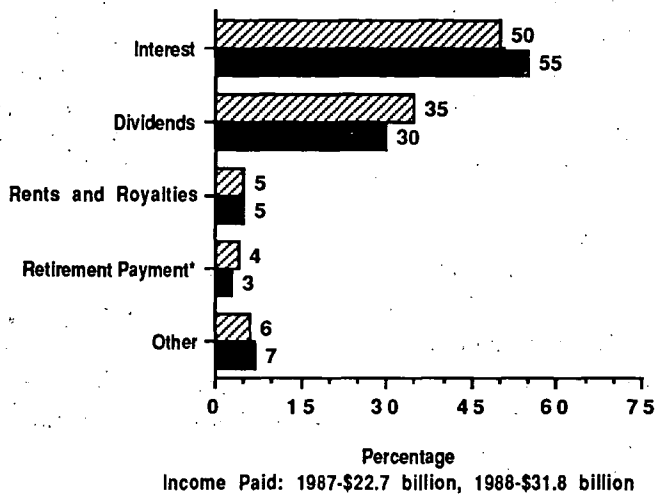
TYPE OF INCOME

U.S. income paid to foreigners rose by more than \$9 billion from 1987. For reasons discussed earlier, most of this increase can be accounted for by the increase in interest payments. The \$6.2 billion increase in this category represents over 68 percent of the increase in overall payments.

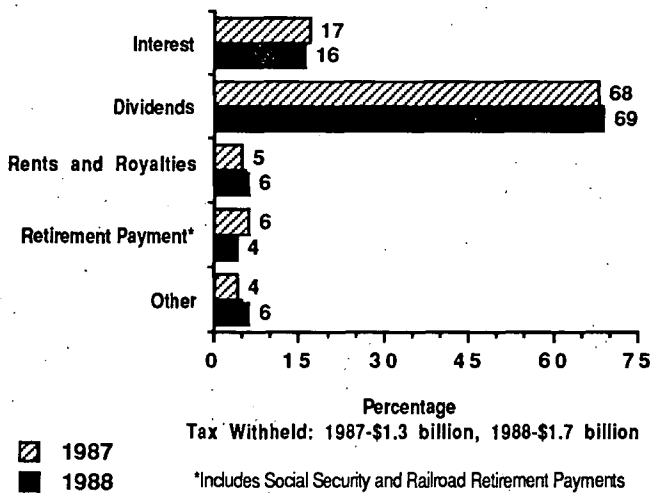
Figure C shows the percentages of income paid and the taxes withheld on various types of income. While interest continued to be the predominant type of income paid, representing 55 percent of the total, tax withheld on interest payments accounted for only 16 percent of the total. There are two principal explanations for the disproportionate taxation of interest payments. First, the Deficit Reduction Act of 1984 removed withholding on most interest payments to foreigners. Furthermore, many tax treaties reduce or nullify withholding on interest payments to residents of those countries.

Though the amount of dividends paid increased in absolute terms from 1987, dividends as a percentage of total income decreased by more than 5 percentage points. This is perhaps explained by a hesitance among foreigners to re-enter the U.S. stock market after the collapse of October 19, 1987. Foreign demand was

Figure C
Percentage of Total Income Paid, by
Income Type, 1987 and 1988



Percentage of Total Tax Withheld, by
Income Type, 1987 and 1988



depressed following the crash and the subsequent recovery in U.S. stock prices was somewhat less than that in Japan, West Germany, France, and Switzerland [10]. While dividend payments totalled nearly 30 percent of the income paid, tax withheld on these payments represented almost 69 percent of total tax reported. This is the case because, in contrast to interest, dividend payments are rarely exempt from withholding.

TYPE OF RECIPIENT

During 1988, nearly two-thirds of U.S. income paid to foreigners was received by corporations. However, the total tax withheld on this income amounted to only 56 percent of the total, making the effective tax rate for corporations 4.6 percent. One reason for the low rate of taxation was that corporations received 60 percent of their income from interest (which is generally subject to zero or low tax withholding) and just 28 percent of their income from dividends. Also, direct investment dividends (dividends paid on the investment of a parent company in a subsidiary) were subject to lower withholding rates than portfolio dividends under most tax treaties. Corporate recipients accounted for the bulk of the increase in income paid from 1987. There was a 70 percent jump in payments received by corporations in 1988.

After corporations, the second largest amount of U.S. source income went to nominees and fiduciaries, \$3.2 billion. These organizations had a total of \$0.2 billion in taxes withheld, an effective tax rate of 6.4 percent.

Individuals were paid a total of \$2.8 billion, of which more than \$0.2 billion in tax was withheld. This represents an effective rate of withholding of 8.6 percent.

The average payment made to foreigners during 1988 was \$24,210 and the average amount of tax withheld was \$1,297. The recipient type that received the largest average income payment continued to be government or international organizations, at \$2,356,837. The second largest average payments went to corporate recipients, \$257,624. The amount of the average payment to a corporation increased 45 percent from 1987. The average payment received by an individual was \$2,704, an increase of roughly 8 percent.

COUNTRY OF RECIPIENT

Historically, foreign investors have come to the United States for several reasons, including the safety of investments in this country. By 1988, the dollar had decreased in value by up to 50 percent against certain currencies since its peak earlier in the decade. In addition, the Tax Reform Act of 1986 reduced the maximum corporate tax rate from 46 percent to 34 percent, making it the lowest in the industrialized world [11].

In 1988, for the second year in a row, Japan received the most U.S. source income. Payments to Japanese residents increased by nearly 89 percent from 1987 to a total of \$8.4 billion. This figure represented more than 26 percent of the total income paid to foreign recipients.

Such a large increase may be explained in part by the vast increase in Japanese investments in the United States, in the form of both securities and foreign direct investment. In recent years, Japanese firms have dramatically increased their direct holdings in the United States. The 52 percent increase in direct investment from Japan in 1988 followed a 31 percent increase during 1987. Most of Japan's huge trade surplus is simply redirected to the United States in the form of purchases of Government and other securities. Foreigners have been purchasing increasingly large percentages of U.S. Treasury securities. It is estimated that up to one-third of new issues of Treasury securities in 1988 were purchased by foreign persons [12].

Figure D tracks the increase in U.S. source income payments to Japan from 1980 to 1988. In current dollars, these payments increased more than 800 percent during that time.

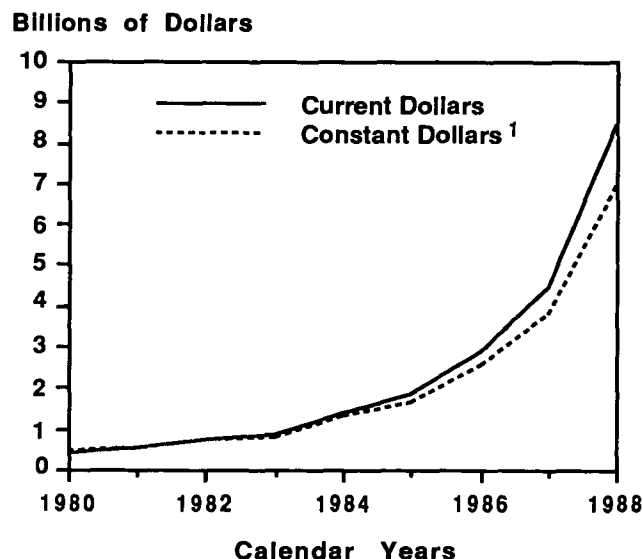
income during 1988, the third largest amount. This is nearly 81 percent more than in 1987. There was an increase of more than 400 percent in dividends paid from U.S. subsidiaries to Canadian parent companies. There was also a near doubling of interest payments to Canada.

Other nations which witnessed large increases in U.S. source income during 1988 included France, where income rose by almost 85 percent, primarily in dividends paid to French parent corporations. Income payments to the Netherlands rose by almost 25 percent. The bulk of this increase came in interest payments.

Recipients in the Netherlands Antilles received almost \$1.6 billion, a decrease of 9 percent from 1987. This continued the declining trend since the peak during 1984. Tax law changes enacted during that year attempted to discourage the utilization of Antilles corporations as financiers for American corporations. Payments have been halved since then.

Figure E details the countries which received the largest percentages of retirement payments from the United States. While the income in this category increased roughly 8 percent from 1987 levels, the percentages paid to the different nations remained virtually the same.

Figure D
U.S. Source Income Paid to Japan, 1980 Through 1988

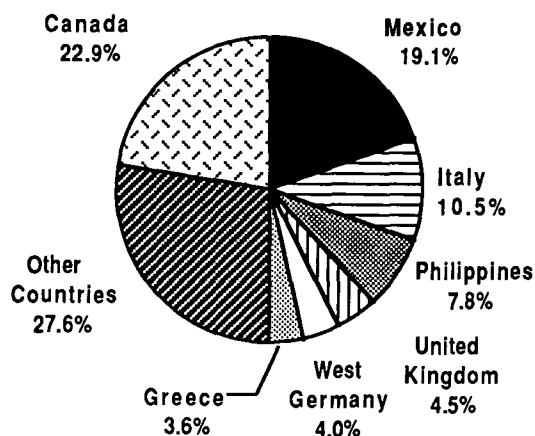


¹ Adjusted to 1982 dollars.

The recipient of the second largest amount of U.S. source income was the United Kingdom. More than \$4.8 billion in income was paid to recipients in the United Kingdom, an increase of more than 13 percent.

Canadian residents received more than \$3.1 billion in

Figure E
Percentage of Social Security and Railroad Retirement Payments to Recipients in Selected Countries, 1988



Total Income Paid: \$853 Million

TAX WITHHELD

The overall effective tax rate for 1988 was 5.36 percent, down from the 5.75 percent in 1987. This rate is much lower than the statutory rate for several reasons:

- Tax treaties allow for lower tax rates on certain types of payments made to residents of certain countries.
- U.S. income paid to foreign government organizations is generally not taxed.
- Most U.S. income paid to foreign private foundations is taxed at only a 4 percent rate.
- The statutory rate for social security and railroad retirement benefit payments only applies to roughly half of this income.
- The Tax Reform Act of 1984 removed the withholding tax on most types of portfolio interest.

These factors result in a considerable variation among countries, income types, and recipient types, as to the effective U.S. withholding tax rates.

Figure F ranks the 15 countries with the lowest effective U.S. withholding rates for 1988. Taxes withheld by foreign governments or withholding agents are not included in these statistics because such information may not accurately be attributed to a particular calendar year. These taxes, however, are summarized in Table 1.

Many non-treaty nations had lower effective tax rates than treaty countries. These nations typically had high

Figure F.—Ranking of Countries with Lowest Effective U.S. Withholding Rates, 1988.

[Money amounts are in thousands of dollars]

Country	Total income	Tax withheld	Effective U.S. tax rate
	(1)	(2)	(3)
All countries.....	\$31,845,694	\$1,705,499	5.36%
Oman.....	9,243	12	0.13
United Arab Emirates.....	312,895	447	0.14
Finland.....	104,216	792	0.76
Malaysia.....	40,193	318	0.79
Singapore.....	240,678	2,449	1.02
Taiwan.....	173,519	2,239	1.29
Cyprus.....	13,582	177	1.30
Denmark.....	92,557	1,291	1.39
Pakistan.....	16,983	245	1.44
China.....	64,907	1,071	1.65
Jordan.....	11,113	185	1.67
Netherlands Antilles.....	1,576,516	29,315	1.86
Kuwait.....	186,428	3,668	1.97
New Zealand.....	60,076	1,307	2.18
Belgium.....	874,962	19,621	2.24

percentages of income received in categories which were exempt from withholding for all nations. If a treaty simply reduces rates of withholding rather than exempting income from taxation, non-treaty nations which receive a predominance of tax-exempt income could have a lower overall effective tax rate.

The country which had the lowest effective withholding rate for 1988 was Oman. This was because over 99 percent of the income paid to recipients in that nation were exempt from withholding. The bulk of income paid to Oman (71 percent) was for capital gains, on which income no taxes were withheld. United Arab Emirates (UAE), the perennial leader in this category, had the second lowest effective rate of withholding. Like Oman, over 99 percent of the payments to UAE recipients were exempt from the withholding of tax. Although payments to the UAE were almost evenly split between interest, usually exempt from withholding, and dividends, rarely exempt from withholding, the largest recipient type was government organizations, which are generally exempt from withholding regardless of the type of income paid.

The total amount of tax withheld reported on Forms 1042S during Calendar Year 1988 was \$1.7 billion. This represents an increase of more than 30 percent from 1987. The countries for which the most taxes were withheld were the two that received the largest amounts of payments. Withholding on payments to Japanese recipients rose more than 76 percent to over \$510 million. Recipients in the United Kingdom had the second largest amount withheld, at \$225 million.

SUMMARY

The tremendous increase in U.S. source income paid to foreign recipients is a reflection of the amount of foreign capital and investments which flowed into this country during the middle to late 1980's. Total payments to foreign recipients rose 40 percent in 1988 to a level of \$31.8 billion. Japan, for the second straight year, received the largest amount of payments, \$8.4 billion. The 89 percent increase in payments to Japan in 1988 followed a 56 percent increase in the previous year.

Interest payments were the largest component of U.S. source income payments. These payments represented 55 percent of the total during 1988. Recent legislation, such as the Deficit Reduction Act of 1984, which exempted most interest payments from withholding, has allowed easier access to world capital markets. Consequently, many U.S. corporations have sought foreign sources of funds.

Corporations received the bulk of the payments made to foreigners. Corporate recipients received nearly \$21 billion during 1988.

The total amount of tax withheld on all payments rose 30 percent to \$1.7 billion. While the statutory rate of withholding remained 30 percent on most types of income, the overall effective withholding rate was substantially lower, at 5.36 percent.

DATA SOURCES AND LIMITATIONS

Payers of most U.S. source income to foreign persons must have taxes withheld in accordance with the Internal Revenue Code (as modified by tax treaties). Form 1042S, *Foreign Persons' U.S. Source Income Subject to Withholding*, is filed by the withholding agent to report the amount of this income and the tax withheld. Often a financial institution acts as the payer's withholding agent.

The statistics in this article were tabulated by calendar year, based on all Forms 1042S filed with the IRS for calendar year 1988. Forms for Calendar Year 1988 were filed up to the deadline of March 15, 1989. The amounts shown are the income paid and the tax withheld except for tax withheld by foreign governments and withholding agents. This additional tax cannot be attributed to specific types of income or years and is included only in Table 1. All other figures for taxes withheld and percentages exclude taxes withheld by these governments or agents.

Income that is "effectively connected" with a U.S. trade or business is not subject to the withholding tax, and, except for reporting errors, is not generally included in these statistics. Bank deposit interest is also excluded from the statistics in this article.

Because all Forms 1042S are included in the statistics, the data are not subject to sampling error. However, the data are subject to non-sampling error, such as computer data entry error and minor taxpayer reporting errors. A limited computer program was used to test the data for certain basic numerical relationships, including the calculation of the correct tax withheld. In addition, Forms 1042S with income amounts greater than \$2 million were manually verified.

EXPLANATION OF SELECTED TERMS

Eurobond.-- Eurobond placements are U.S. corporate bonds placed in foreign markets that are denominated and sold in dollars and that also yield dollar interest.

Foreign Person.-- For purposes of this article, foreign persons include (a) individuals whose residence (for tax purposes) is outside of the United States and who are not U.S. citizens; and (b) corporations and other organizations, including partnerships, private foundations, estates, trusts, and charitable organizations, created or organized outside the United States. Persons residing in Puerto Rico and other U.S. possessions are also considered foreign persons for purposes of the income and withholding tax.

Foreign Tax Credit.-- U.S. persons are subject to U.S. tax on their worldwide income. The portion of this income derived from foreign sources is also generally subject to tax by the country in which it was earned. In order to avoid double taxation on this foreign source income, U.S. tax law allows for a dollar-for-dollar credit against U.S. income tax for foreign income taxes. In general, this credit is allowed up to the amount of the U.S. tax on this foreign source income. The credit is subject to a number of other limitations [13].

Income Effectively Connected With a U.S. Trade or Business.--Income that is "effectively connected" with the conduct of a trade or business in the United States is exempt from withholding tax. This income is taxed at substantially the same rates that apply to U.S. citizens, residents, and corporations. When a foreign corporation, for instance, has a business operation in the United States, it has to file a U.S. income tax return on Form 1120F and pay appropriate taxes on the income of this operation (including branch profits taxes). When this income is later remitted by the U.S. branch to the foreign parent corporation, it is generally not subject to further U.S. taxation. These amounts may be erroneously reported on Forms 1042S, but the extent of their inclusion in these statistics is unknown but it is believed to be insignificant.

Nominee and Fiduciary.--An entity chosen or appointed to accept income for, or act on behalf of, the beneficial owner of the income. Typically, a financial institution acts as a nominee or fiduciary.

Withholding Agent.--Any person (individual, corporation, partnership, estate, or trust) required to withhold tax. Usually the withholding agent is the payer of the income or a person (usually a financial institution) acting on behalf of the payer. A foreign nominee or fiduciary required to withhold additional tax under a tax treaty is also a withholding agent. Foreign governments may act as withholding agents by withholding additional taxes on persons who are not entitled to the treaty rates.

NOTES AND REFERENCES

- [1] U.S. source income includes, but is not limited to, interest, dividends, rents, royalties, capital gains, and compensation for personal services paid to foreign persons from sources in the United States. Many of these types of U.S. income are subject to a withholding tax at the source. Bank deposit interest and income "effectively connected" with a U.S. trade or business are not subject to this withholding. Many items of income are also exempt under statutes or bilateral tax treaties, but must be reported by withholding agents. IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Corporations*, contains a further clarification of the income subject to withholding.
- [2] Bischel, Jon E., ed. *Income Tax Treaties*. New York: Practising Law Institute, 1978.
- [3] Prior to the passage of the 1984 Act, many U.S. multinational corporations sought to borrow funds in the Eurobond market, where interest must be payable free of tax. U.S. corporations would establish a finance subsidiary in the Netherlands Antilles. These subsidiaries borrowed funds in the Eurobond market and loaned that money to the U.S. parent. The interest payments from the parent to the subsidiary were largely exempt from U.S. withholding under the U.S. treaty with the Antilles. And the payments from the subsidiary to bondholders were exempt under Antilles law. With the 1984 Act, all portfolio interest payments were exempted, therefore eliminating the necessity of borrowing through the Antilles.
- [4] For a complete listing of all current U.S. tax treaties, see IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Corporations*.
- [5] Chin, Felix. *Tax Havens: A Selected Bibliography*. Monticello, IL: Vance Bibliographies, 1980.
- [6] Starchild, Adam. *Tax Havens*. New Rochelle, NY: Arlington House Publishers, 1979. The tax havens used in creating Figure B were taken from this source and include: Bahamas, Barbados, Bermuda, British Virgin Islands, Cayman Islands, Hong Kong, Liberia, Liechtenstein, Netherlands Antilles, Panama, and Switzerland.
- [7] Chin, p. 30.
- [8] Scholl, Russell B., "The Investment Position of the United States in 1988," *Survey of Current Business*, U.S. Department of Commerce, Bureau of Economic Analysis, June, 1989, p. 44.
- [9] *Ibid.*, p. 45.
- [10] *Ibid.*, p. 44.
- [11] Fierman, Jaclyn, "The Selling Off of America," *Fortune*, Vol. 144. December 22, 1986, p. 49.
- [12] Scholl, p. 44.
- [13] For a further discussion of the foreign tax credit, see Redmiles, Melissa, "Corporate Foreign Tax Credit, 1986: An Industry Focus," *Statistics of Income Bulletin*, Fall, 1990, Volume 10, Number 2.

Foreign Recipients of U.S. Income, 1988

27

Table 1.—Forms 1042S: Number of Returns, Total Income Paid, Tax Withheld, by Selected Treaty and Nontreaty Countries

[Money amounts are in thousands of dollars]

Country or geographic area	Number of Forms 1042S	Income paid			Tax withheld		
		Total	Exempt from withholding	Subject to withholding	Total	By domestic withholding agents	By foreign government and withholding agents
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total	1,315,406	31,845,694	18,749,816	13,095,878	1,759,267	1,705,499	53,768
Treaty countries, total.....	972,366	27,968,124	16,212,056	11,756,068	1,473,699	1,419,881	53,768
Australia	21,823	308,985	136,569	172,416	21,490	21,490	—
Austria	5,448	140,514	50,037	90,477	13,921	13,759	162
Barbados	780	35,010	27,051	7,959	1,070	1,070	—
Belgium	12,892	874,962	749,550	125,413	23,537	19,621	3,916
Canada	317,858	3,153,675	2,058,479	1,095,196	138,557	138,557	—
China	8,962	64,907	54,719	10,188	1,071	1,071	—
Cyprus	1,479	13,582	12,528	1,055	177	177	—
Denmark	3,811	92,557	82,877	9,679	1,295	1,291	4
Egypt	1,214	3,588	2,394	1,194	180	180	—
Finland	1,490	104,216	97,356	6,861	792	792	—
France	27,296	1,280,478	563,619	716,859	56,596	56,162	434
Greece	16,445	46,973	9,421	37,552	6,425	6,425	—
Hungary	494	5,952	5,092	860	142	142	—
Iceland	152	647	212	435	96	96	—
Ireland	11,128	48,169	20,486	27,682	4,231	4,231	—
Italy	35,899	330,119	217,835	112,284	13,052	13,052	—
Jamaica	2,267	7,404	1,018	6,386	955	955	—
Japan	28,874	8,421,793	4,203,839	4,217,954	510,567	510,567	—
Korea	2,497	65,487	21,889	43,598	5,073	5,073	—
Luxembourg	6,066	285,803	184,057	101,746	27,872	26,368	1,504
Malta	690	1,797	1,599	199	37	37	—
Morocco	452	1,684	930	754	150	150	—
Netherlands	13,257	2,404,212	1,314,804	1,089,408	88,749	88,191	558
Netherlands Antilles	3,864	1,576,516	1,455,420	121,096	29,315	29,315	—
New Zealand	4,739	60,076	51,957	8,119	1,307	1,307	—
Norway	7,345	58,325	40,322	18,003	2,838	2,838	—
Pakistan	2,737	16,983	15,692	1,291	245	245	—
Philippines	28,546	79,214	5,180	74,033	11,747	11,747	—
Poland	2,933	15,319	3,904	11,415	1,589	1,589	—
Romania	118	541	260	280	49	49	—
Sweden	8,634	207,170	40,995	166,176	13,107	13,107	—
Switzerland	39,226	1,964,432	835,775	1,128,657	173,032	128,049	44,983
Trinidad and Tobago	1,208	3,794	1,121	2,672	460	460	—
United Kingdom	262,003	4,843,767	3,139,152	1,704,615	226,886	224,679	2,207
USSR	557	2,991	2,126	865	249	249	—
West Germany	89,041	1,446,482	803,791	642,691	96,790	96,790	—
Nontreaty countries, total	343,040	3,877,570	2,537,760	1,339,810	285,618	285,618	—
Argentina	10,026	33,455	18,778	14,677	3,330	3,330	—
Bahamas	4,351	206,154	132,914	73,240	21,209	21,209	—
Bermuda	2,847	175,828	93,493	82,335	24,534	24,534	—
Brazil	6,438	27,153	14,010	13,143	2,875	2,875	—
British Virgin Islands	1,441	64,769	26,997	37,771	11,207	11,207	—
Cayman Islands	2,531	237,123	179,714	57,409	13,351	13,351	—
Hong Kong	18,078	230,146	135,237	94,908	22,543	22,543	—
Israel	7,501	32,193	15,224	16,969	3,954	3,954	—
Jersey	545	42,545	19,855	22,690	6,787	6,787	—
Kuwait	1,910	186,428	174,162	12,267	2,668	2,668	—
Liberia	965	52,321	24,083	28,238	8,395	8,395	—
Liechtenstein	1,947	35,762	13,423	22,339	6,612	6,612	—
Mexico	97,151	306,342	83,308	223,034	40,878	40,878	—
Panama	9,689	211,557	136,350	75,207	20,560	20,560	—
Portugal	7,628	26,613	5,123	21,490	3,408	3,408	—
Puerto Rico	6,300	11,457	7,808	3,649	713	713	—
Saudi Arabia	5,251	133,789	122,540	11,249	3,341	3,341	—
Singapore	6,400	240,678	232,014	8,665	2,449	2,449	—
South Africa	5,625	20,088	14,353	5,735	1,491	1,491	—
Spain	11,308	142,774	110,197	32,577	7,445	7,445	—
Taiwan	6,631	173,519	164,736	8,783	2,239	2,239	—
United Arab Emirates	1,042	312,895	311,413	1,483	443	443	—
Venezuela	9,508	32,060	18,507	13,553	3,396	3,396	—
Other nontreaty countries	117,927	941,921	483,521	458,400	71,790	71,790	—

Foreign Recipients of U.S. Income, 1988

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient

[Money amounts are in thousands of dollars]

Country or geographic area and recipient type	Number of Forms 1042S	Tax withheld	Income paid					Personal services
			Total	Interest	Dividends	Rents and royalties	Social security and railroad retirement	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All countries, total	1,315,406	1,705,499	31,845,694	17,614,665	9,510,170	1,692,892	853,243	517,934
Individuals	1,045,080	243,006	2,825,719	791,935	464,454	104,379	853,243	225,021
Corporations	80,220	950,777	20,666,566	12,393,048	5,702,832	1,483,956	—	236,339
Algeria	107	1,126	13,899	11	13,665	(¹)	—	43
Individuals	89	31	240	6	13	(¹)	—	43
Corporations	4	1,095	13,656	6	13,650	—	—	(¹)
Argentina	10,026	3,330	33,455	13,240	5,251	293	3,964	4,447
Individuals	8,152	2,753	19,450	4,400	4,286	122	3,964	3,706
Corporations	110	98	4,868	1,803	153	61	—	—
Australia	21,823	21,490	308,985	159,928	75,975	54,833	4,371	4,239
Individuals	18,288	2,803	33,264	11,786	4,655	2,636	4,371	3,141
Corporations	1,630	8,871	197,736	135,143	15,345	42,218	—	245
Austria	5,448	13,759	140,514	43,482	85,129	603	3,112	4,746
Individuals	3,418	1,273	10,012	635	1,455	167	3,112	1,957
Corporations	365	766	33,621	25,110	5,103	323	—	2,431
Bahamas	4,351	21,209	206,154	128,407	63,319	3,324	704	281
Individuals	1,774	2,024	9,423	2,251	5,831	3	704	199
Corporations	1,135	11,398	117,627	73,152	32,530	2,745	—	63
Bahrain	615	800	22,833	18,296	4,359	3	4	—
Individuals	462	114	687	283	380	(¹)	4	—
Corporations	53	507	10,025	8,381	1,490	3	—	—
Barbados	780	1,070	35,010	28,209	5,424	28	1,135	12
Individuals	571	278	2,106	150	589	—	1,135	12
Corporations	81	319	8,535	6,473	2,056	—	—	—
Belgium	12,892	19,621	874,962	756,821	78,090	23,933	1,980	4,241
Individuals	9,995	2,433	19,664	6,218	3,870	436	1,980	3,568
Corporations	1,017	8,479	117,539	53,549	34,750	23,318	—	586
Bermuda	2,847	24,534	175,828	104,714	52,882	4,924	540	412
Individuals	1,316	4,271	18,038	3,540	2,614	15	540	397
Corporations	585	12,970	98,017	61,536	30,591	4,908	—	14
Brazil	6,438	2,875	27,153	12,649	4,310	672	3,323	2,916
Individuals	5,508	2,193	15,767	4,455	2,836	247	3,323	2,589
Corporations	146	338	6,466	4,540	718	273	—	3
British Virgin Islands	1,441	11,207	64,769	18,924	13,813	22,623	2	3
Individuals	442	342	1,769	324	1,183	25	2	—
Corporations	579	9,660	51,093	11,320	8,244	22,598	—	2
Canada	317,858	138,557	3,153,675	1,397,838	1,238,921	114,573	195,317	58,622
Individuals	261,848	23,980	392,985	33,846	69,748	17,273	195,317	18,054
Corporations	16,685	94,012	2,322,339	1,198,866	922,800	90,519	—	31,430
Cayman Islands	2,531	13,351	237,123	186,608	37,322	330	406	106
Individuals	466	1,337	6,909	2,815	3,581	79	406	—
Corporations	1,345	8,801	138,627	105,066	23,714	245	—	106
Chile	3,593	1,119	14,650	6,233	2,410	36	1,327	3,162
Individuals	2,970	870	6,279	1,870	1,664	31	1,327	254
Corporations	98	97	5,610	2,074	311	1	—	2,889
China	8,962	1,071	64,907	15,767	2,333	817	54	32,314
Individuals	8,529	379	45,747	657	446	27	54	31,117
Corporations	52	127	12,031	10,532	187	788	—	497
Colombia	7,312	2,023	21,429	11,893	4,173	246	2,869	415
Individuals	5,985	1,476	11,656	3,864	2,972	74	2,869	111
Corporations	127	122	3,642	3,486	187	126	—	3
Costa Rica	2,885	1,026	11,286	3,676	1,379	46	2,772	306
Individuals	2,478	864	8,445	1,388	859	41	2,772	303
Corporations	118	83	1,110	861	244	2	—	—
Cyprus	1,479	177	13,582	152	227	2,491	764	127
Individuals	1,432	135	10,940	150	78	(¹)	764	126
Corporations	6	9	2,522	—	31	—	—	(¹)
Czechoslovakia	1,111	938	5,338	283	112	259	3,290	1,033
Individuals	1,045	773	4,451	283	109	34	3,290	374
Corporations	6	1	12	—	(¹)	12	—	—
Denmark	3,811	1,291	92,557	52,602	4,966	12,500	3,564	891
Individuals	3,147	887	6,877	450	765	114	3,564	737
Corporations	152	123	46,299	31,300	2,180	12,291	—	—
Dominican Republic	3,683	1,278	11,573	1,628	488	33	7,378	215
Individuals	3,510	1,222	10,906	1,271	307	33	7,378	123
Corporations	26	1	370	245	121	—	—	2
East Germany	321	209	909	213	211	17	—	303
Individuals	263	166	741	193	74	6	—	303
Corporations	8	39	133	—	130	2	—	—
Ecuador	2,632	898	8,763	2,586	610	161	3,435	180
Individuals	2,352	798	6,593	1,139	737	148	3,435	106
Corporations	61	20	320	241	69	111	—	2
Egypt	1,214	180	3,588	882	962	11	31	630
Individuals	1,027	103	2,616	423	459	11	31	622
Corporations	30	18	452	332	118	9	—	2
El Salvador	1,145	380	3,797	858	610	78	1,038	56
Individuals	1,042	336	3,531	747	466	78	1,038	44
Corporations	21	17	94	32	50	—	—	12
Finland	1,490	792	104,216	68,166	4,066	1,247	2,073	3,476
Individuals	1,205	432	4,150	188	152	114	2,073	868
Corporations	94	262	62,535	41,810	3,680	1,059	—	2,341
France	27,296	56,162	1,280,478	437,511	545,319	180,577	10,316	26,892
Individuals	16,505	7,384	96,676	22,952	19,059	16,847	10,316	15,427
Corporations	2,974	33,908	960,786	338,732	420,358	159,174	—	10,335

Footnote at end of table.

Foreign Recipients of U.S. Income, 1988

29

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued

[Money amounts are in thousands of dollars]

Country or geographic area and recipient type	Number of Forms 1042S	Tax withheld	Income paid					
			Total	Interest	Dividends	Rents and royalties	Social security and railroad retirement	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Greece.....	16,445	6,425	46,973	4,022	5,450	122	30,485	1,847
Individuals.....	15,235	5,602	41,690	1,872	2,478	113	30,485	1,802
Corporations.....	108	178	2,016	1,416	598	(¹)	—	1
Guernsey.....	284	6,976	28,104	3,539	24,163	104	—	—
Individuals.....	60	237	1,057	766	161	—	—	—
Corporations.....	118	3,499	13,158	1,612	11,495	34	—	—
Honduras.....	1,621	592	6,976	819	892	284	1,019	206
Individuals.....	1,521	488	6,379	638	526	236	1,019	205
Corporations.....	24	73	321	32	242	47	—	(¹)
Hong Kong.....	18,078	22,543	230,146	133,914	68,112	1,825	4,627	2,186
Individuals.....	12,486	6,092	31,616	7,637	12,546	905	4,627	1,545
Corporations.....	1,180	7,516	110,923	105,573	24,838	908	—	612
Hungary.....	494	142	5,952	2,636	130	103	153	1,642
Individuals.....	464	136	3,269	55	130	61	153	1,580
Corporations.....	4	—	26	—	—	26	—	—
India.....	3,916	1,773	22,351	7,095	1,384	845	666	1,440
Individuals.....	3,416	1,613	12,299	306	898	836	666	1,353
Corporations.....	46	65	5,320	2,477	180	(¹)	—	26
Indonesia.....	1,536	477	16,238	11,171	1,082	26	44	2,127
Individuals.....	1,217	330	4,655	182	538	26	44	2,124
Corporations.....	42	17	10,645	10,549	49	—	—	1
Ireland.....	11,128	4,231	48,169	17,344	17,956	381	8,222	1,590
Individuals.....	10,289	1,932	21,834	7,255	2,586	290	8,222	1,474
Corporations.....	169	286	11,691	9,055	1,842	56	—	94
Isle of Man.....	794	1,014	23,466	11,021	3,641	250	—	91
Individuals.....	630	140	2,330	1,774	349	119	—	13
Corporations.....	97	750	20,054	8,719	2,794	131	—	78
Israel.....	7,501	3,954	32,193	15,317	5,363	1,086	3,725	2,267
Individuals.....	5,766	2,290	14,460	2,026	2,163	913	3,725	1,702
Corporations.....	143	328	9,258	8,256	173	93	—	370
Italy.....	35,899	13,052	330,119	126,572	53,819	36,650	89,419	9,230
Individuals.....	33,853	5,121	127,728	4,034	6,224	11,765	89,419	7,035
Corporations.....	517	4,392	158,921	105,933	26,305	23,561	—	1,057
Jamaica.....	2,267	955	7,404	364	765	157	5,074	265
Individuals.....	2,143	872	6,750	226	254	157	5,074	264
Corporations.....	28	76	525	36	486	—	—	1
Japan.....	28,874	510,567	8,421,793	5,465,354	2,034,428	479,823	10,793	101,100
Individuals.....	20,737	4,265	76,931	23,383	8,674	4,502	10,793	11,139
Corporations.....	4,093	395,913	6,599,866	4,549,957	1,358,324	455,862	—	88,759
Jersey.....	545	6,787	42,545	16,675	21,977	147	6	38
Individuals.....	111	99	444	86	292	7	6	36
Corporations.....	163	2,174	14,954	8,343	6,456	129	—	2
Jordan.....	830	185	11,113	8,042	290	2	62	5
Individuals.....	744	143	3,334	402	152	2	62	5
Corporations.....	23	20	7,693	7,625	67	(¹)	—	—
Kuwait.....	1,910	3,668	186,428	139,969	45,249	63	—	290
Individuals.....	1,427	693	4,303	1,398	2,011	63	—	51
Corporations.....	154	1,512	49,256	44,719	4,249	—	—	239
Lebanon.....	1,889	831	13,922	2,498	1,503	54	367	8,879
Individuals.....	1,609	723	12,910	1,920	1,136	54	367	8,878
Corporations.....	40	25	177	96	82	—	—	—
Liberia.....	965	8,395	52,321	13,531	23,851	20	42	—
Individuals.....	274	319	1,325	172	898	—	42	—
Corporations.....	424	2,122	28,350	11,444	3,150	20	—	—
Liechtenstein.....	1,947	6,612	35,762	14,877	19,983	97	4	389
Individuals.....	336	1,105	4,767	1,248	3,339	1	4	1
Corporations.....	1,021	3,601	17,397	7,060	9,809	66	—	388
Luxembourg.....	6,066	26,368	285,803	176,030	103,400	315	171	713
Individuals.....	798	729	3,564	231	2,673	—	171	369
Corporations.....	1,634	7,635	153,444	118,952	31,230	315	—	342
Malaysia.....	1,908	318	40,193	38,457	776	51	24	219
Individuals.....	1,687	256	1,742	240	567	50	24	219
Corporations.....	44	12	8,091	8,043	47	—	—	—
Mexico.....	97,151	40,878	306,342	81,852	30,637	6,443	162,814	6,265
Individuals.....	89,984	35,600	245,710	40,102	24,046	3,995	162,814	2,834
Corporations.....	680	3,000	18,106	8,438	1,352	1,930	—	786
Monaco.....	947	2,338	13,139	2,847	5,632	2,120	113	1,467
Individuals.....	660	1,283	6,842	1,512	1,268	2,119	113	972
Corporations.....	91	412	3,946	1,161	2,675	1	—	10
Netherlands.....	13,257	88,191	2,404,212	1,114,527	1,039,927	136,202	5,328	20,196
Individuals.....	8,939	4,108	33,740	4,821	11,532	699	5,328	7,408
Corporations.....	1,367	54,495	2,011,186	981,882	805,444	132,264	—	12,403
Netherlands Antilles.....	3,864	29,315	1,576,516	1,424,452	98,913	18,203	393	952
Individuals.....	1,355	1,935	11,245	2,406	5,839	1,307	393	86
Corporations.....	1,458	19,458	1,418,467	1,303,113	65,671	16,837	—	866
New Zealand.....	4,739	1,307	60,076	34,931	4,857	327	345	1,450
Individuals.....	4,202	398	10,324	7,536	870	117	345	422
Corporations.....	119	511	11,539	7,510	3,029	101	—	895
Norway.....	7,345	2,838	58,325	23,507	5,606	1,044	11,331	1,775
Individuals.....	6,720	2,205	17,179	901	1,344	685	11,331	787
Corporations.....	172	404	37,831	21,065	2,679	335	—	860
Oman.....	116	12	9,243	1,476	1,189	—	—	1
Individuals.....	88	8	118	80	16	—	—	—
Corporations.....	9	2	6,651	88	7	—	—	—

Footnote at end of table.

Foreign Recipients of U.S. Income, 1988

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued

(Money amounts are in thousands of dollars)

Country or geographic area and recipient type	Number of Forms 1042S	Tax withheld	Income paid					
			Total	Interest	Dividends	Rents and royalties	Social security and railroad retirement	Personal services
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Pakistan	2,737	245	16,893	213	483	14	149	811
Individuals	2,560	204	16,698	169	254	10	149	810
Corporations	6	7	24	1	23	—	—	—
Panama	9,689	20,560	211,557	113,742	56,942	11,566	979	330
Individuals	2,772	2,032	12,254	2,967	5,593	31	979	235
Corporations	4,149	14,472	141,700	68,631	37,280	11,527	—	7
Peru	3,072	872	7,755	3,074	1,428	311	838	117
Individuals	2,623	631	5,782	1,614	1,012	273	838	71
Corporations	40	113	456	342	71	34	—	—
Philippines	28,546	11,747	79,214	2,827	2,818	120	66,833	1,556
Individuals	27,653	11,480	77,197	1,911	1,866	52	66,833	1,491
Corporations	106	73	674	490	121	54	—	6
Poland	2,933	1,589	15,319	217	1,332	114	9,419	2,465
Individuals	2,893	1,498	13,753	135	81	46	9,419	2,301
Corporations	7	63	1,334	81	1,249	3	—	—
Portugal	7,628	3,408	26,613	4,282	1,046	134	19,597	286
Individuals	7,219	3,259	22,146	794	721	91	19,597	277
Corporations	88	18	3,636	2,986	35	14	—	—
Puerto Rico	6,300	713	11,457	7,590	1,187	61	2,064	364
Individuals	5,673	534	3,400	435	585	8	2,064	126
Corporations	391	126	5,554	4,971	498	53	—	26
Saudi Arabia	5,251	3,341	133,789	90,898	36,109	59	16	4,146
Individuals	3,951	1,347	5,898	918	3,896	57	16	122
Corporations	111	389	62,607	33,839	28,468	—	—	267
Singapore	6,400	2,449	240,678	202,491	33,150	115	156	216
Individuals	5,395	673	4,196	1,530	1,417	106	156	196
Corporations	231	1,019	16,246	9,726	2,506	9	—	20
South Africa	5,625	1,491	20,088	11,785	1,374	1,032	541	1,572
Individuals	5,266	983	18,106	10,946	1,023	670	541	1,155
Corporations	43	132	495	220	52	223	—	—
South Korea	2,497	5,073	65,487	26,922	22,318	7,535	108	4,196
Individuals	2,294	240	9,032	489	386	5	108	4,055
Corporations	60	4,787	44,050	14,373	21,806	7,530	—	18
Spain	11,308	7,445	142,774	112,016	8,415	2,254	12,503	3,693
Individuals	10,051	4,281	28,158	5,335	3,791	260	12,503	2,741
Corporations	350	2,121	29,916	25,586	2,415	1,280	—	333
Sweden	8,634	13,107	207,170	29,012	141,712	5,262	10,934	14,207
Individuals	7,841	5,180	29,325	885	2,898	586	10,934	11,348
Corporations	204	6,733	159,287	17,737	133,594	4,213	—	471
Switzerland	39,226	128,049	1,964,432	1,075,940	684,913	105,449	4,413	16,261
Individuals	13,109	8,426	79,722	24,475	31,812	4,578	4,413	5,435
Corporations	14,741	68,471	1,314,950	843,974	322,652	89,079	—	10,369
Taiwan	6,631	2,239	173,519	149,269	5,082	187	132	2,885
Individuals	5,553	1,463	12,493	3,778	3,082	59	132	2,686
Corporations	98	333	42,074	28,191	692	11	—	50
Thailand	1,320	409	9,559	6,771	623	314	545	370
Individuals	1,105	339	2,744	190	397	308	545	369
Corporations	21	34	2,295	2,193	103	—	—	1
United Arab Emirates	1,042	443	312,895	178,585	132,187	2	—	—
Individuals	911	167	2,721	337	534	2	—	—
Corporations	38	218	2,242	1,422	565	—	—	—
United Kingdom	262,003	224,679	4,843,767	2,318,910	1,802,188	297,973	38,045	100,812
Individuals	209,082	16,229	626,074	440,108	63,065	16,567	38,045	31,541
Corporations	11,624	85,934	2,654,215	1,350,683	847,052	253,362	—	53,743
Uruguay	2,037	1,132	10,385	6,547	3,180	96	135	27
Individuals	992	522	2,860	1,000	1,229	96	135	14
Corporations	281	361	3,833	2,636	1,191	—	—	—
Venezuela	9,508	3,396	32,060	18,753	7,576	3,958	1,056	995
Individuals	7,381	2,325	15,928	5,622	4,818	346	1,056	921
Corporations	336	348	3,272	2,239	1,015	12	—	3
West Germany	89,041	96,790	1,415,517	530,930	552,598	134,328	34,498	24,419
Individuals	70,261	24,785	215,532	38,599	91,040	9,373	34,498	17,030
Corporations	2,820	54,005	983,675	386,282	378,746	112,801	—	5,238
Yugoslavia	3,994	2,261	15,000	946	513	86	11,700	175
Individuals	3,858	2,177	14,038	285	332	78	11,700	75
Corporations	14	21	92,360	(¹)	69	2	—	14
Other Countries	61,163	32,002	488,255	218,012	150,008	9,432	43,708	8,648
Individuals	48,359	12,281	125,236	14,124	18,144	1,363	43,708	6,701
Corporations	2,436	10,754	219,263	200,404	71,260	7,122	—	1,471

¹ Less than \$500.

1986 Corporation Foreign Tax Credit, A Geographic Focus

By Karla M. Daronco*

In the 1980's for the first time, Canada surpassed the United Kingdom as the country which accounted for more corporate foreign-source U.S. taxable (net) income than any other country (Definitions section). Canadian-source taxable income for 1986 was \$10.5 billion, 16 percent of total foreign-source taxable income. In addition, more of the foreign taxes paid by U.S. corporations (\$4.7 billion) were paid to Canada than to any other country (Definitions section). United Kingdom-source income declined sharply, by 30.6 percent, during the 1984-1986 period.

The foreign tax credit claimed by U.S. corporations increased by nearly 4 percent, from \$21.4 billion for 1984 to \$22.3 billion for 1986; while foreign-source taxable income increased by nearly 8 percent, from \$61.1 billion to \$65.8 billion. Since much of this income was subject to foreign taxation, \$23.1 billion of income taxes (nearly 35 percent of taxable income) were paid to foreign governments. Of the 4,506 active U.S. companies claiming a foreign tax credit for 1986, 764 (17 percent) were "giant" corporations with total assets of \$250 million or more. This small group of companies accounted for nearly all of the foreign tax credit claimed by U.S. corporations [1].

The U.S. economic recovery that started in late 1983 seemed to have continued and may have affected the business operations of U.S. corporations overseas in 1986 [2]. In five of the countries listed, (including countries where U.S. corporations earned at least \$1 billion of foreign-source taxable income for either 1984 or 1986) U.S. corporations showed significant increases in taxable income (Figure A). The largest income increases were registered in Italy, West Germany, Japan, Switzerland and France, the main reason being a noticeable rise in net capital gains income for each country.

Despite the overall increase in foreign-source taxable income from 1984 to 1986, in general, the use of offshore financial centers in the Caribbean and in Central America appeared to have decreased markedly. Taxable income

Figure A.—Foreign-Source Taxable Income, by Selected Country, 1984 and 1986

[Millions of dollars]

Country	1984	1986	Percentage increase
	(1)	(2)	(3)
All countries	\$61,097	\$65,809	7.7%
Selected countries, total.....	47,221	49,659	5.2
Italy	989	2,651	168.0
West Germany	2,323	5,428	133.7
Japan	2,884	5,670	96.6
Switzerland	860	1,549	80.1
France.....	1,458	2,616	79.4
Canada	7,539	10,508	39.4
Brazil.....	1,695	1,977	16.6
Panama.....	819	791	-3.4
Mexico.....	1,146	1,041	-9.2
Netherlands	2,588	2,035	-21.4
Australia	2,319	1,642	-29.2
Netherlands Antilles	1,290	899	-30.3
United Kingdom.....	11,913	8,263	-30.6
Indonesia	2,938	1,671	-43.1
Norway.....	3,279	1,791	-45.4
Bahamas.....	2,115	800	-62.2
Egypt	1,066	327	-69.3

from the Netherlands Antilles and the Bahamas declined by 30.3 percent and 62.2 percent, respectively. Panama also showed a slight decline of 3.4 percent. These decreases were mostly due to a sizable drop in services income for all three countries.

Foreign-source taxable income of U.S. corporations doing business in countries which were members of the Organization of Petroleum Exporting Countries (OPEC) continued to drop, to \$3.1 billion for 1986, a reduction of almost 41 percent from 1984 (Definitions section). This continued the declining trend of income from OPEC countries (76 percent) through the first half of the 1980's. Taxes paid by U.S. corporations claiming a foreign tax credit to OPEC countries also fell but by less (40 percent) to \$1.7 billion from 1980 to 1986.

BACKGROUND

U.S. tax law allows corporations a credit against their U.S. income tax for income taxes paid to foreign govern-

*Foreign Returns Analysis Section. Prepared under the direction of Chris Carson, Chief.

ments. U.S. corporations are taxed on their worldwide taxable income. Therefore, the foreign tax credit serves to eliminate double taxation on foreign-source income, which is typically subject to tax by the country in which it was earned.

The ability of some corporations to offset the U.S. tax on domestic income with the credit for foreign income taxes led to the first limitation on the foreign tax credit in 1921. The credit limitation remains as a fundamental principle of the current U.S. foreign tax credit provisions.

The limitation restricts the amount of credit for foreign income taxes to the lesser of (1) the U.S. tax on foreign-source taxable income, or (2) the actual foreign income taxes paid. This calculation results in a zero limitation (no credit) if a corporation has an overall foreign loss or a worldwide loss. However, credits in excess of the limitation may be carried back two years and forward five years.

For 1986, the limitation was separately calculated for five categories of income: (1) section 904(d) (generally portfolio)-interest income, (2) dividends from an Interest Charge Domestic International Sales Corporation (IC-DISC) or former DISC, (3) foreign trade income of a Foreign Sales Corporation (FSC), (4) distributions from a FSC or former FSC, and (5) all other income from sources outside of the United States. (IC-DISC's and FSC's were domestic corporations created to promote U.S. exports).

The total foreign tax credit for 1986 was the sum of the amounts computed, using these five separate limitations. In some instances, the total credit was reduced for participation in, or for cooperation with, international boycotts.

To claim a foreign tax credit, a U.S. corporation must have foreign-source taxable income, pay a foreign income tax, and have a U.S. income tax liability. Only certain taxes can be claimed as a foreign tax credit. They include income taxes imposed by U.S. possessions or the national government of a foreign country, as well as its cities, states, and other subdivisions.

Corporations can deduct all foreign income taxes in lieu of claiming a foreign tax credit for all such taxes. However, most corporations obtain a greater tax benefit by electing to credit these taxes against U.S. income tax. Taxes such as excise, franchise, sales, and certain other taxes, do not qualify as creditable foreign taxes, but can be deducted in calculating worldwide taxable income, even when the foreign tax credit is elected for foreign income taxes.

GEOGRAPHIC SOURCES OF FOREIGN INCOME AND TAXES

Of the principal countries or areas of origin of 1986 foreign-source taxable income of U.S. corporations with foreign tax credits, (Figure B) those with the highest percentage of the total foreign-source income for 1986 were: Canada (16 percent), the United Kingdom (13 percent), Japan (9 percent) and West Germany (8 percent). The largest amounts of current-year foreign taxes were paid to these same four countries (Figure C). The remaining 54 percent of income was widely distributed.

Canada generated the most foreign-source taxable income (\$10.5 billion) for 1986, replacing the 1984 leader, the United Kingdom. Nearly 81 percent (\$8.5 billion) of the Canadian income was accounted for by U.S. manufacturers. Of the foreign taxes paid by U.S. corporations (\$4.7 billion) more were paid to Canada than to any other country.

Almost half (46.4 percent) of the Canadian-source income from manufacturing originated in the petroleum industry (Definitions section) [3]. For 1984, only \$1.6 billion (21.7 percent) of Canadian income was earned by U.S. corporations in the petroleum industry. With the deregulation of Canada's oil industry starting in late 1984, and the general expansion of Canada's economy, almost \$4.0 billion in profits were reaped by U.S. petroleum corporations for 1986 from Canadian operations. This was an increase of nearly 143 percent from 1984 [4]. Petroleum subsidiaries accounted for 48.2 percent of total 1986 foreign taxes paid by U.S. manufacturers in Canada, due to the high taxes imposed by Canada on the industry at that time. For 1986, these corporations paid a high average tax rate (over 56 percent) on Canadian income earned by the petroleum industry. This increased percentage reflected Canada's top corporate statutory tax rate of 54 percent for 1986 [5].

Other gains in Canadian-source income were indicated by a 35.4 percent increase over 1984 in finance, insurance, and real estate, as well as a 71.4 percent rise in wholesale and retail trade. The increase in finance, insurance, and real estate was due mainly to the dismantling of restrictive regulations imposed by prior Canadian governments on the country's financial markets. The advent of free trade talks between the United States and Canada spurred the increases in wholesale and retail trade [6].

By comparison, the U.K.-source income of U.S. companies declined sharply, by 30.6 percent. This decline

Figure B
Percentage of Total Foreign-Source Taxable Income, by Country or Area, 1986

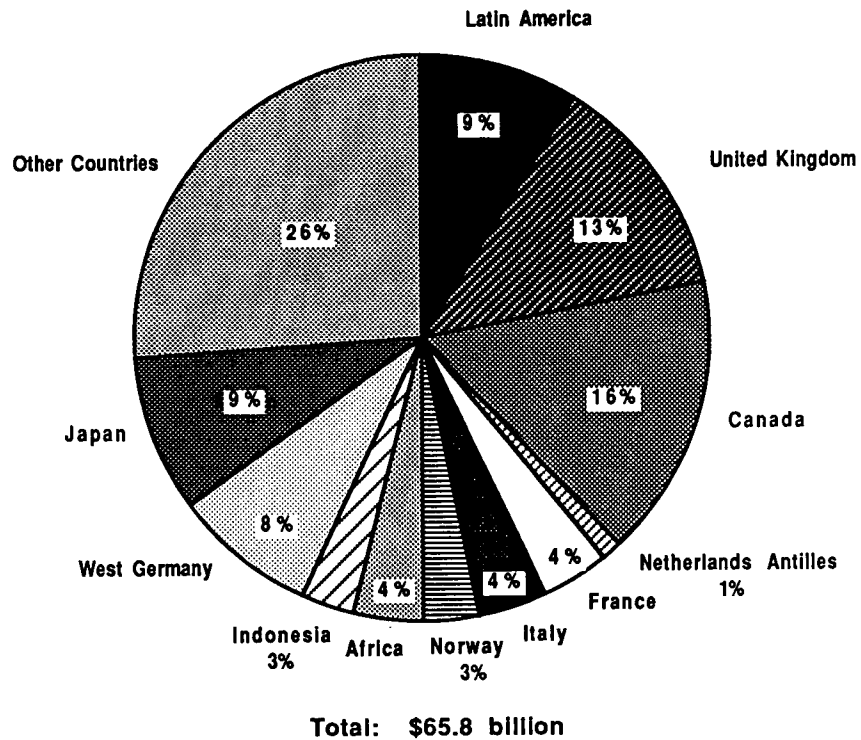
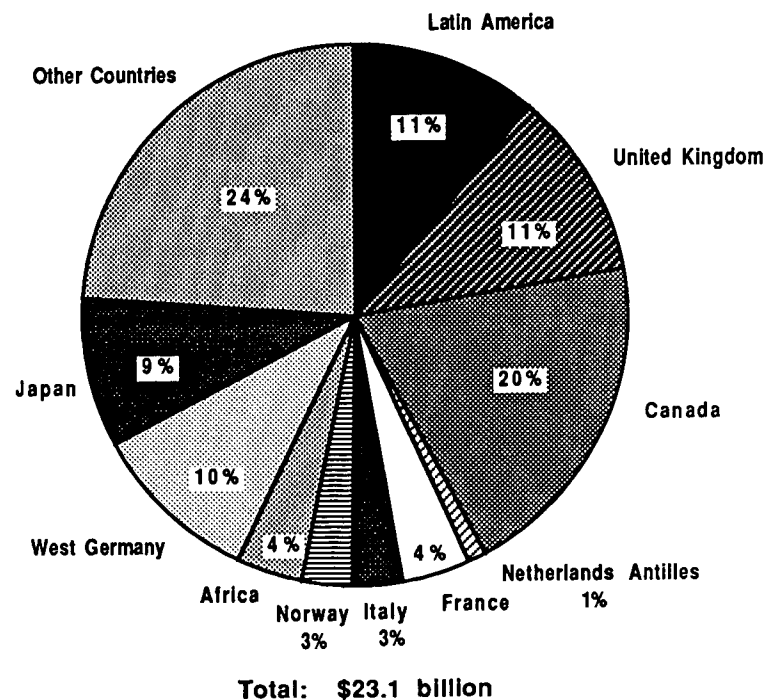


Figure C
Percentage of Total Current-Year Foreign Taxes, by Country or Area, 1986



was due largely to decreases in manufacturing, especially of petroleum; and in finance, insurance, and real estate, down 26.5 and 41.5 percent, respectively.

Economic Recovery

The U.S. economic recovery that started in late 1983 seems to have continued and spread to much of the rest of the world by 1986. Less expensive oil, tax cuts, low inflation rates, and wage increases overseas all contributed to the economic recovery [7]. With the fall of the dollar against most major foreign currencies in 1985, foreign stocks became more profitable. This resulted in an astounding 424.8 percent leap (from \$742 million to \$3.9 billion) in net capital gains income between 1984 and 1986 [8]. These gains contributed to large overall foreign income increases registered by Italy (168.0 percent), West Germany (133.7 percent), Japan (96.6 percent), Switzerland (80.1 percent), and France (79.4 percent). U.S. parent companies with operations in these countries saw a currency-exchange windfall when the dollar declined [9].

U.S. oil corporations with operations in the United Kingdom felt the economic crunch caused by less expensive oil in the mid-1980's. A decline in income from the United Kingdom was reported by U.S. manufacturers (almost half of which was accounted for by the 45.0 percent decrease in foreign income earned by the petroleum industry). The fall in oil prices weakened the British pound, which cut into the capital gains U.S. investors could earn on British stocks [10]. U.S. banks suffered a 54.6 percent decrease in U.S.-source foreign income earned from the United Kingdom during the 1984-1986 period.

At the same time, the economies of both West Germany and Japan continued to expand and U.S. corporations earned a combined total of almost \$11.1 billion (nearly 17 percent of the total for all countries) in foreign-source taxable income from these countries for 1986. Approximately 85 percent (\$9.4 billion) of this amount can be attributed to operations of U.S. manufacturers in both countries. Specifically, the boom in West Germany was fed by such consumer-goods industries as electronics, household appliances, and apparel, with the electrical industry's income up 913 percent from 1984 [11]. The West German income of U.S. corporations accounted for 28 percent of the total income of U.S. manufacturers claiming a foreign tax credit. U.S. manufacturers were also responsible for 81 percent of the total U.S. corporate income earned from Japan (\$4.6 billion of the \$5.7 billion total for Japan). Income from food and kindred products

and the electrical manufacturing industry rose, up 160.6 and 133.3 percent, respectively, from 1984.

U.S. corporations benefitted from the European recovery in Italy as well, where foreign-source taxable income increased 168 percent from 1984. Again, due to the sagging dollar against other foreign currencies and low interest rates, and through the sale of Italian corporate stocks, U.S. companies saw net capital gains income increase by an astounding 2,160 percent [12]. Detailed data on the type and amount of income generated in most foreign countries is provided (Table 1).

Despite the continued economic recovery, U.S. corporations doing business in OPEC countries and in the principal North Sea oil nations (the United Kingdom and Norway) saw foreign-source taxable income and current-year foreign taxes further decline during the 1984-1986 period. Foreign-source taxable income and foreign taxes for OPEC countries decreased almost by half (Figure D). OPEC countries also show a disproportionately high percentage of the total foreign taxes for both years, which can be attributed to the high foreign tax rates on oil income.

Data for North Sea oil-producing countries reflect the severe drop in oil prices in 1986 and their effect on foreign-source income and taxes. Foreign income of U.S. companies with operations in Norway was reduced by 45.4 percent, mostly due to falling oil prices. Similarly, U.S. oil companies with British operations had a decline of 30.6 percent in their total foreign taxable income between 1984 and 1986.

Figure D.—Foreign-Source Taxable Income and Current-Year Foreign Taxes, by Selected Oil-Producing Area, 1984 and 1986

[Millions of dollars]

Country	1984		1986	
	Income	Tax	Income	Tax
	(1)	(2)	(3)	(4)
Total	\$61,097	\$22,540	\$65,809	\$23,103
OPEC countries	5,320	2,784	3,150	1,670
Norway plus United Kingdom	15,192	6,359	10,054	3,329
Percentage of total:				
Total	100.0%	100.0%	100.0%	100.0%
OPEC countries	8.7	12.4	4.8	7.2
Norway plus United Kingdom	24.9	28.2	15.3	14.4

Type of Income by Country

The type of foreign gross income (excluding income from foreign branch operations) U.S. corporations received varied considerably by country (income-type

detail is not available for branch income) (Figure E). Certain country trends are noted:

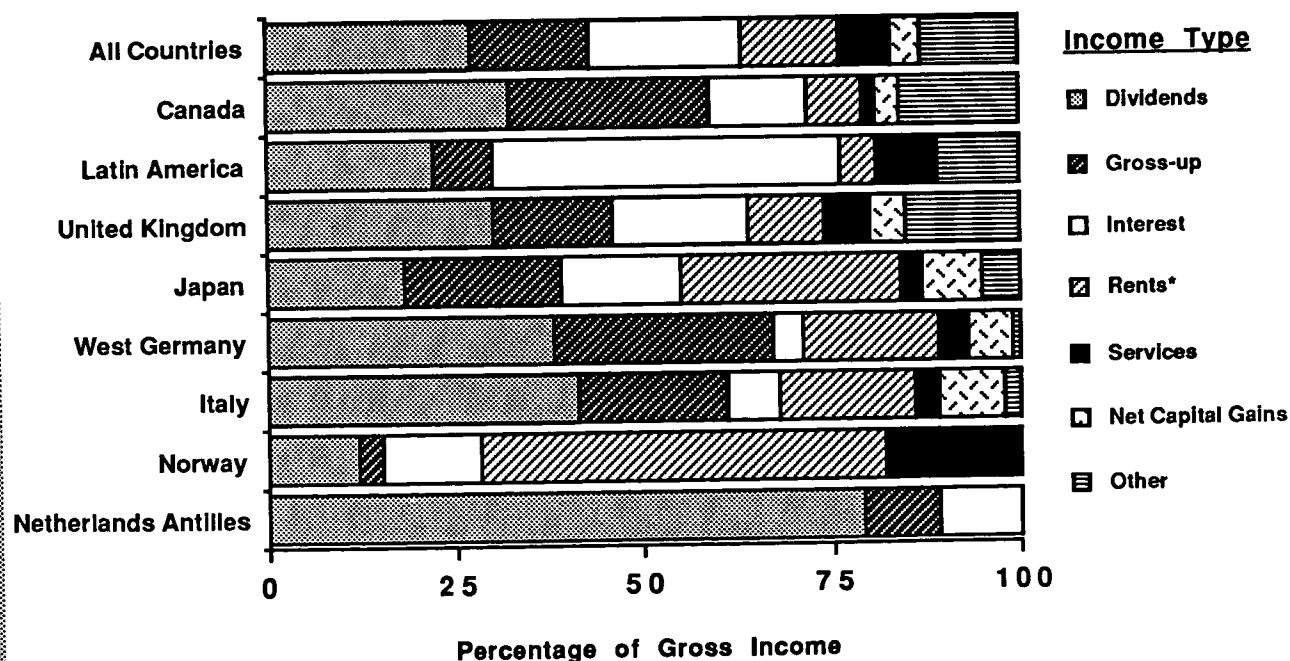
- most U.S. investment in Canada, West Germany, and Italy was in corporate stock, as evidenced by the fact that the majority of income was dividends and the associated tax on dividends (dividend gross-up - Definitions section);
- the United Kingdom, the second largest source of non-branch gross income, had a distribution of income similar to that for "all countries";
- almost all income from the Netherlands Antilles was dividends;
- over half of the gross income from Norway was made up of rents, royalties, and licensing fees, virtually all from the petroleum industry; and
- for Japan and Norway, there is a relatively low percentage (18 and 12 percent, respectively) of dividend income as compared to the other major industrialized nations included in the chart.

Type of income generalizations can be made for geographic areas as well as for specific countries. Interest represented a higher proportion of income from Latin America (46 percent of the total) than from countries in general (20 percent). This shows the considerable debt burden of industrializing Latin American countries. In addition, almost 72 percent of the total taxes paid or accrued on interest were paid by U.S. corporations to Latin America. Rents, royalties, and licensing fees were less likely than average to be received from Latin America (5 percent of total gross income as compared to an overall percentage of 13 percent). This was also the case with other less-industrialized areas, such as Africa (4 percent). No dividend income was received from any Eastern European Soviet-bloc country because only a handful of companies incorporated in these countries were owned even partially by U.S. corporations [13]. Over half of the gross income from these countries was interest (63 percent) while a quarter was from rents, royalties, and licensing fees.

Average Foreign Tax Rates

Because foreign tax rates vary considerably by country

Figure E
Percentage of Non-Branch Gross Income, by Income Type, by Selected Country or Area, 1986



*Includes royalties and licensing fees.

Corporate Foreign Tax Credit by Country, 1986

(and by type of income within countries), the 1986 average foreign tax rates of countries ranged from roughly 64 percent down to almost 4 percent (Figure F). (The average foreign tax rate is the ratio of current-year foreign taxes to foreign-source taxable income expressed as a percentage. The average U.S. tax is the ratio of U.S. income tax liability to the U.S. income subject to tax after all credits except the foreign tax credit.) Thirteen of the 23 countries shown fall within 10 percentage points above or below the all country average. For "all countries," the average foreign rate of 35 percent was considerably less than the 46 percent U.S. corporate statutory rate for 1986.

Most of the countries with the highest average tax rates were oil-producing nations. Among the reasons for the relatively high average foreign tax rates were: (1) extraordinary or "supplemental" oil taxes that were payable in addition to the normal corporate income tax (i.e., Trinidad and Tobago, and Norway), (2) relatively high income tax rates that applied to oil companies only (i.e., Nigeria) and (3) taxable income bases that were larger under foreign tax law than under U.S. tax law (i.e., depreciation methods under some foreign tax laws are less favorable than under U.S. tax law) [14].

Brazil and Spain were the only countries that were not major oil-producing nations with an average foreign tax

rate above 50 percent. Brazil's rate was 62 percent, chiefly because interest from Brazil (nearly 52 percent of non-branch gross income) was generally subject to a 25-percent withholding tax on the gross amount. The deductions attributable to this income reduced taxable income (on which the average tax rate is based), and thereby increased the average rate. Spain's rate was 58 percent because U.S. corporations deriving dividends from Spanish subsidiaries were generally subject to a withholding tax on the dividends in addition to the standard Spanish corporate rate of 35 percent [15].

Organizational Structure of Foreign Operations

There are several different organizational structures available to U.S. corporations seeking to expand their market or business activities abroad. Most corporations wanting to establish a permanent presence overseas elect to do so by using an unincorporated foreign branch operation, investing in an existing foreign corporation, or forming a subsidiary under the laws of the foreign country. Some business activities, i.e., certain loans and exports, can also be transacted without a substantial foreign presence.

Foreign branch taxable income is shown as a percentage of total foreign-source taxable income by country

Figure F.—Current-Year Foreign Taxes and Foreign Branch Taxable Income as Percentages of Foreign-Source Taxable Income, by Selected Country, 1986

[Millions of dollars]

Country	Current-year foreign taxes as a percentage of foreign -source taxable income			Foreign -source taxable income	Foreign branch taxable income as a percentage of foreign- source taxable income		
	Rank	Percent	Taxes		Rank	Percent	Foreign branch taxable income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All countries.....	—	35.1%	\$23,103	\$65,809	—	14.4%	\$9,497
Saudi Arabia.....	1	64.1	143	223	(¹)	(¹)	-75
Trinidad and Tobago.....	2	62.8	145	231	(¹)	(¹)	-18
Brazil.....	3	62.2	1,229	1,977	8	17.3	342
Spain.....	4	57.6	297	516	7	20.3	105
Indonesia.....	5	56.1	938	1,671	4	49.0	819
Egypt.....	6	52.6	172	327	(¹)	(¹)	-17
Mexico.....	7	52.4	545	1,041	11	9.8	102
Nigeria.....	8	45.0	260	578	3	55.5	321
Canada.....	9	44.3	4,659	10,508	16	4.9	516
Norway.....	10	43.4	778	1,791	1	64.4	1,153
West Germany.....	11	41.3	2,244	5,428	18	3.1	168
Australia.....	12	40.7	669	1,642	6	30.9	507
Venezuela.....	13	39.4	86	218	15	6.0	13
Japan.....	14	36.5	2,071	5,670	14	6.5	366
Switzerland.....	15	33.4	518	1,549	(¹)	(¹)	-63
Libya.....	16	31.2	25	80	2	56.2	45
France.....	17	31.0	811	2,616	9	12.3	323
United Kingdom.....	18	30.9	2,552	8,263	10	11.1	916
Netherlands.....	19	30.6	622	2,035	12	8.4	170
Italy.....	20	29.0	769	2,651	13	8.0	211
Panama.....	21	22.1	175	791	19	1.8	14
Netherlands Antilles.....	22	17.0	153	899	17	3.3	30
Bahamas.....	23	3.6	29	800	5	44.6	357

¹ Not calculated due to foreign branch loss.

(Figure F). Branch taxable income as a percentage of all foreign taxable income fell from 24 percent for 1984 to about 14 percent for 1986. Generally, the petroleum and banking industries are more likely than any other industries to operate through the establishment of foreign overseas branches. This is evident in those countries with the highest proportion of income from foreign branches, all of them either oil-producing nations or an offshore financial center; namely, Norway (64 percent), Libya (56 percent), Nigeria (56 percent), Indonesia (49 percent), and the Bahamas (45 percent).

SUMMARY

The foreign tax credit claimed by U.S. corporations increased only 4 percent from \$21.4 billion for 1984 to \$22.3 billion for 1986. Foreign-source U.S. taxable income from all countries increased by nearly 8 percent, from \$61.1 billion to \$65.8 billion. Almost 35 percent of foreign-source income was paid as taxes to foreign governments (\$23.1 billion), although not all of it could be claimed as a foreign tax credit for 1986.

U.S. corporations earned more foreign-source taxable income (\$10.5 billion) in Canada than in any other nation. Accordingly, these corporations paid most of their foreign taxes (\$4.7 billion) to Canada. This was the first time in the 1980's any country had surpassed the United Kingdom as the country from which U.S. companies earned the most income.

Strong U.S. activity was registered in Italy, West Germany, France, Switzerland and Japan. Declining energy prices, low inflation, and a weak dollar enabled U.S. companies to reap big capital gains overseas. The big losers were U.S. corporations (primarily oil companies) with activities in countries that were members of OPEC and in the principal North Sea oil-producing nations (the United Kingdom and Norway), whose economies suffered due to lower oil prices.

Generally, the type of non-branch foreign income U.S. corporations received varied by country. A substantial portion of U.S. investment abroad was in corporate stock with over 40 percent of foreign gross income (of \$93.5 billion) composed of dividends (\$25.8 billion) and the foreign taxes paid on them, the so-called dividend gross-up (\$14.6 billion).

DATA SOURCES AND LIMITATIONS

Sample Selection and Variability

The statistics presented in this article for the 1986 Tax

Year were estimated from a stratified probability sample of approximately 85,100 corporate income tax returns selected after revenue processing, but before audit. The accounting periods of corporations with a foreign tax credit included in the data were those ending between July 1986 and June 1987, although most of the activities reported reflected activities in Calendar Year 1986.

While all returns in the Statistics of Income sample with a foreign tax credit were used for the 1986 data, some differences exist between the 1986 foreign tax credit data presented here and those previously published in *Statistics of Income—1986, Corporation Income Tax Returns*. These differences are the result of the different weighting methods used for returns sampled at less than the 100-percent rate. In addition, the statistics presented herein include certain returns with foreign tax credits prescribed for inclusion in the 100-percent sample class. These returns were received too late to be included in the regular corporate statistics and no adjustment for them was made for the overall corporate statistics.

Sampling variability arises only in strata in which returns were prescribed for selection at a rate of less than 100 percent. For this article, returns selected at the 100-percent rate accounted for the largest part of the estimated amounts. For example, for 1986, those corporations with \$250 million or more in total assets (which were selected at the 100-percent rate) accounted for a major portion of the total assets (98.3 percent), foreign tax credit claimed (95.6 percent), and foreign-source taxable income (95.1 percent) of all corporations claiming a foreign tax credit. Because of the predominance of these large corporations, sampling variability is not considered a major limitation of the statistics.

General Limitations

The foreign tax credit is claimed under section 901 of the Internal Revenue Code. Corporations claiming a foreign tax credit generally provide supporting foreign income and tax data on Form 1118, Computation of Foreign Tax Credit - Corporations, attached to their U.S. corporation income tax return. Form 1118 is the source of the foreign income and tax data for this article. The statistics do not reflect any adjustments that were made during audit examination, which finally determines the acceptability of the foreign income and taxes reported. Nor do they reflect foreign tax carrybacks which also determine the final credit. Also, some corporations provide only preliminary foreign income and tax data with their U.S. tax returns as filed because not all the informa-

tion about their foreign operations is available at the time their U.S. income tax returns are filed.

Foreign income and taxes are underreported in this article to the extent that data were not provided on Form 1118. Some corporations with foreign income and taxes operated at a deficit and had no U.S. tax liability against which a foreign tax credit could be claimed and were, therefore, not required to file the Form 1118. Some corporations may have chosen to deduct their foreign taxes from gross income rather than credit them against their U.S. tax liability. For these particular returns, it is believed that the foreign income and tax amounts were insignificant. In both instances, these returns were excluded from this study.

DEFINITIONS

The term "country" as used in this article includes not only countries, but also other separate taxation authorities, such as Puerto Rico and U.S. possessions. For certain tables and figures, data for these taxation authorities are presented together with data by country.

Foreign taxes (unless otherwise stated) refers to current-year foreign taxes, which are withholding taxes on dividends, interest, rents, royalties and license fees, as well as taxes directly paid or accrued on partnership, services or other income or on foreign branch profits. It also includes taxes deemed paid, which are a proportion of the taxes paid on the profits of a foreign corporation (including all levels of subsidiaries) out of which the dividends to the U.S. corporation were paid.

The Organization of Petroleum Exporting Countries (OPEC) is an oil cartel which includes Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.

Petroleum industry (unless otherwise stated) refers to the integrated petroleum industry, i.e., all corporations primarily engaged in extraction, refining, and marketing of crude petroleum.

Dividend gross-up is income associated with dividends received or constructively received from a controlled foreign corporation and is equivalent to the tax deemed paid.

NOTES AND REFERENCES

- [1] There were 3,428,515 corporation income tax returns filed for Tax Year 1986.
- [2] "Eurogloom' Fades as the Recovery Takes Hold," *Business Week*, May 14, 1984, p. 54.

- [3] Data pertaining to income and tax amounts classified by both industry and country are available from the Statistics of Income Division but were not published with this article due to the voluminous nature of the statistics.
- [4] Finn, Edwin A., Jr. and Morais, Richard C., "Good Neighbors Again," *Forbes*, May 19, 1986, p. 130.
- [5] Templeman, John, et al., "Europe and Japan are Catching Tax-Reform Fever," *Business Week*, September 1, 1986, p. 65.
- [6] Ibid.
- [7] Templeman, John, et al., "Europe's Businessmen Are All Speaking the Same Language: Boom," *Business Week*, May 5, 1986, pp. 42-43.
- [8] See Redmiles, Lissa, "Corporation Foreign Tax Credit, 1986: An Industry Focus," *Statistics of Income Bulletin*, Fall 1990, Vol. 10, No. 2.
- [9] Pearson, John, "Strong Dollar or No, There's Money to be Made Abroad," *Business Week*, March 22, 1985, p. 155.
- [10] Templeman, John, et al., "Now West Germany's Economy is Carrying the Ball," *Business Week*, January 20, 1986, pp. 40-41.
- [11] Templeman, "Europe's Businessmen...", *ibid.*, p. 42.
- [12] Templeman, John, et al., "Cheaper Money is Pouring into European Industry," *Business Week*, March 17, 1986, p. 63.
- [13] See *Statistics of Income Bulletin*, Spring 1990, Vol. 9, No. 4, for an article on Controlled Foreign Corporations by country or geographic area. Data for 1986 will be included in a future issue of the *Bulletin*.
- [14] For additional information on the tax laws of foreign countries, see *Corporate Taxes, A Worldwide Summary*, Price Waterhouse, 1985.
- [15] Ibid.

EXPLANATORY TABLE NOTES

The data for the following tables are tabulated from the Forms 1120 and 1118 (Data Sources and Limitations).

For Table 1, the rows are the specific geographic area or country to which foreign income and taxes were paid (see the definition of "country" in the definition section above). Columns 3 through 13 reveal income and taxes from all sources while columns 14 through 58 represent income and taxes from specific geographic areas or countries.

Columns 1 through 13 are amounts reported on the Corporation Tax Return Form 1120 while the remaining columns are amounts reported on the Form 1118. The data by geographic areas for columns 1 through 13 are not additive to the all geographic areas total. The data in columns 14 through 58 are amounts for the specific country. However, the data by geographic area for columns 14 through 58 are additive to the all geographic areas total. Data for specific geographic areas are not always additive as data are present for only selected countries.

Columns 15 through 22 contain gross income excluding branch operations and specially allocable income (less loss) and sum to column 14. Foreign oil and gas extraction gross income appears in columns 24 through 28 and sum to column 23. These amounts are also included in the foreign gross income in columns 14 through 22.

Columns 29 through 38 contain deductions other than from branch operations and specially allocable income. They are divided into; allocable deductions, columns 30 through 34; and not directly allocable deductions, columns 35 through 38. Columns 30 and 35 are the totals,

respectively, and sum to column 29. Columns 39 through 41 are the deductions from oil and gas extraction income and are included in columns 29 through 38.

Columns 42 through 45 reveal taxable income before loss recapture which includes foreign branch income (column 43), specially allocable income or Section 863(B) (column 44), and foreign income other than from branch operations and specially allocable income (column 45). Column 42, the total foreign-source taxable income also equals column 14 minus column 29 plus columns 43 and 44.

Columns 46 through 55 contain foreign taxes paid or accrued and deemed paid before reduction for international boycott operations. Total foreign taxes paid or accrued are divided into taxes withheld at source on dividends (column 48), interest (column 49), and rents, royalties, and licensing fees (column 50), as well as, taxes paid or accrued on branch income (column 51), service income (column 52), partnership income (column 53), and other income (column 54), all of which sum to column 47. Deemed paid foreign taxes are included in column 55. In some instances, small amounts of taxes were attributed to the country of incorporation of a foreign subsidiary rather than the actual country of taxation. Columns 47 and 55 sum to column 46 which is total foreign taxes.

Columns 56 through 58 represent income and taxes of related foreign corporations.

NOTE: Columns and rows may not sum exactly due to rounding.

Corporate Foreign Tax Credit by Country, 1986

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Country and IC-DISC and FSC dividends	Number of returns	Total assets	Income and taxes from all sources							
			Net income (less deficit)	Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss) from foreign sources before loss recapture	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All geographic areas, total.....	4,409	5,404,718,817	140,430,545	130,506,344	53,347,108	22,258,235	65,809,314	8,467,889	14,635,173	1,059,505
Canada.....	2,090	4,663,310,239	122,330,156	113,438,162	46,180,856	21,253,601	61,782,294	7,788,753	14,247,734	931,961
Latin America, total.....	944	4,465,283,211	108,350,369	100,688,743	41,273,247	20,954,104	61,550,868	7,527,812	14,095,109	883,242
Mexico.....	688	4,065,535,944	96,571,277	89,842,011	36,742,807	19,982,965	57,450,551	7,266,867	13,365,122	837,105
Central America, total.....	287	3,212,563,020	79,694,777	74,624,944	30,669,001	18,506,177	53,179,091	6,703,196	12,468,161	859,804
Costa Rica.....	120	1,929,951,705	50,760,625	47,727,994	20,287,314	15,044,596	41,765,573	4,993,942	10,513,029	178,502
Guatemala.....	121	2,107,600,453	56,864,854	53,091,315	22,640,649	15,904,527	43,482,203	5,633,624	10,841,434	282,144
Honduras.....	95	1,918,366,383	44,004,015	41,877,721	17,582,176	12,867,304	34,793,634	4,704,517	8,748,693	178,502
Panama (including Canal Zone).....	208	2,908,477,412	67,143,083	63,418,582	25,877,703	15,907,025	45,107,787	5,776,947	10,750,359	750,814
Caribbean countries, total.....	278	3,160,382,462	76,859,359	71,573,027	29,553,858	18,111,396	52,266,411	6,615,550	12,229,573	874,074
Cayman Islands (British).....	133	2,481,627,459	50,161,996	46,774,509	19,003,654	13,416,597	38,203,932	5,056,810	9,031,726	708,111
Dominican Republic.....	128	2,133,504,358	51,137,409	47,589,064	20,303,849	13,588,585	39,261,673	4,861,683	9,136,445	178,502
Trinidad and Tobago.....	105	1,876,394,572	46,992,352	44,255,916	18,074,282	13,703,616	37,043,096	5,482,746	9,090,041	845,468
South America, total.....	598	4,094,090,282	97,806,510	91,305,034	37,468,939	20,468,735	59,895,361	7,368,600	13,802,827	882,199
Argentina.....	317	3,277,295,761	74,176,207	70,510,650	28,820,949	18,062,732	50,771,512	6,820,238	12,117,724	837,462
Brazil.....	376	3,717,854,967	83,335,196	78,723,560	31,990,206	18,549,095	53,227,484	6,999,118	12,385,730	864,693
Chile.....	202	2,760,243,700	64,929,713	60,272,371	25,181,016	16,606,188	47,458,969	5,923,780	11,223,176	752,601
Colombia.....	217	2,663,610,016	68,070,459	64,779,039	26,827,400	16,810,353	47,191,179	6,430,146	11,276,960	866,218
Ecuador.....	155	2,509,909,404	56,472,680	53,684,826	22,320,054	15,587,458	42,392,195	6,130,902	10,192,749	814,628
Peru.....	180	2,568,356,157	60,731,581	56,950,665	24,015,771	15,831,583	45,115,945	6,095,268	10,300,976	861,309
Venezuela.....	310	3,194,988,242	75,943,283	71,281,972	29,869,333	18,312,507	52,391,338	6,812,011	12,211,347	864,693
Other Western Hemisphere, total.....	344	3,859,345,664	89,655,904	83,377,975	33,960,790	19,193,449	55,902,052	6,739,125	13,056,156	868,327
The Bahamas.....	134	2,619,157,750	51,580,352	47,978,513	19,933,766	14,404,638	41,554,666	5,139,469	9,804,460	759,919
Netherlands Antilles.....	186	3,083,825,293	71,201,860	66,631,978	27,379,274	16,965,907	48,905,669	5,897,649	11,470,288	735,064
Europe, total.....	1,853	4,736,860,328	117,936,037	109,676,776	44,672,266	21,691,512	63,786,936	7,990,375	14,478,405	1,001,376
Common Market countries, total.....	1,705	4,642,141,116	115,730,736	107,744,361	43,869,417	21,475,469	63,204,016	7,717,344	14,461,837	913,082
Belgium.....	344	3,187,453,257	81,980,591	76,300,420	31,341,583	18,913,001	54,471,565	6,874,001	12,712,745	814,675
France (including Andorra).....	539	3,679,059,339	92,740,797	86,411,759	35,273,176	19,703,407	57,464,840	6,729,895	13,539,551	774,354
Greece.....	132	2,603,783,309	61,546,736	58,995,054	24,132,425	15,362,245	42,858,233	5,884,137	10,271,780	275,856
Ireland.....	150	2,405,032,739	59,970,704	56,967,811	23,332,436	15,499,765	43,529,914	5,880,070	10,363,062	830,314
Italy (including San Marino).....	412	3,496,457,314	86,670,113	80,607,972	32,991,648	19,512,669	56,469,852	6,945,961	13,286,969	880,671
Luxembourg.....	65	1,975,271,335	28,182,661	26,015,918	10,029,791	6,238,325	17,678,154	2,921,837	3,872,065	157,849
Netherlands.....	674	3,659,503,468	87,923,583	81,700,287	33,015,301	19,073,890	55,453,430	6,902,857	12,853,495	858,522
Spain.....	316	3,327,211,113	79,231,017	74,760,409	30,481,887	18,206,758	51,669,643	6,862,645	12,258,718	843,302
United Kingdom.....	989	4,134,238,204	102,792,506	95,142,016	38,885,149	20,860,067	61,139,743	7,482,712	14,087,687	906,624
West Germany.....	643	3,645,213,737	92,992,643	86,808,727	35,503,177	20,361,405	58,616,561	7,239,714	13,805,019	864,736
Other West European countries, total.....	689	3,824,368,832	93,737,995	87,005,731	35,627,113	20,240,023	58,422,337	7,535,609	13,542,459	993,655
Austria.....	182	2,526,768,981	63,464,168	59,568,034	24,524,772	16,172,143	47,230,807	5,530,088	11,190,112	673,602
Finland.....	156	2,418,807,640	62,334,473	58,492,662	24,227,005	15,613,195	45,416,423	5,372,966	10,762,555	713,884
Norway.....	194	2,351,832,358	59,543,462	55,703,436	22,903,994	16,101,217	46,217,982	6,096,526	10,874,403	915,525
Sweden.....	297	3,134,047,712	76,160,390	71,217,372	29,125,786	17,963,706	51,959,000	6,190,035	12,325,368	736,962
Switzerland.....	444	3,417,257,738	83,656,587	77,806,766	31,931,216	18,919,837	54,405,414	6,907,249	12,664,419	813,770
Turkey.....	117	2,049,457,009	52,511,088	49,266,391	21,224,480	15,700,328	43,960,313	5,966,988	10,384,793	882,540
East European countries, total.....	115	2,003,249,495	46,016,277	43,892,692	18,573,653	14,072,556	39,129,310	5,611,234	9,379,115	805,322
Africa, total.....	681	3,643,235,940	89,104,304	82,991,940	33,889,096	19,697,337	56,978,168	7,359,998	13,061,497	928,537
North Africa, total.....	148	2,521,709,075	58,820,967	55,860,629	23,336,954	15,810,742	43,691,611	6,455,989	10,359,920	927,667
Egypt.....	121	2,344,783,158	52,889,850	50,273,694	21,088,624	14,817,239	40,872,735	6,001,481	9,665,235	864,428
Libya.....	18	525,642,231	22,300,693	21,565,983	9,413,891	8,826,618	22,424,322	3,118,139	6,037,558	206,593
East Africa, total.....	83	1,798,610,133	47,370,916	44,939,397	18,862,158	14,051,599	37,507,076	5,491,933	9,387,022	815,311
West and Central African countries, total.....	116	2,226,847,831	54,313,265	51,460,035	21,302,409	15,266,169	41,522,244	6,029,036	10,109,057	864,692
Gabon.....	25	918,369,114	21,270,641	20,193,951	8,432,470	6,799,963	16,765,829	3,275,884	3,797,783	827,636
Nigeria.....	63	1,641,708,539	40,973,111	39,085,201	16,503,132	12,671,962	33,635,830	5,095,797	8,071,927	813,911
Zaire.....	28	1,301,089,512	28,371,857	26,901,822	11,650,416	9,516,170	25,946,119	4,230,290	6,412,851	785,821
Southern Africa, total.....	607	3,182,386,374	81,111,529	75,724,086	31,064,640	18,248,367	52,056,182	6,289,999	12,371,117	737,807
South Africa (includes Namibia).....	588	3,020,452,243	79,168,533	73,850,471	30,327,286	17,765,821	50,656,760	6,122,407	12,127,101	737,807
Zimbabwe.....	49	1,159,433,256	28,884,297	27,330,396	11,399,350	8,247,326	23,092,450	3,167,214	5,796,816	100,110
Asia, total.....	1,338	4,556,729,870	115,329,768	107,785,978	44,074,207	21,247,303	62,406,601	7,742,975	14,204,257	958,319
Middle East, total.....	413	3,112,990,708	78,576,531	72,869,467	30,419,250	18,353,397	52,874,647	6,854,774	12,208,500	906,026
Iran.....	39	1,243,998,202	34,864,659	33,526,198	14,378,765	11,744,284	31,301,365	4,785,749	7,541,467	833,409
Israel.....	285	2,237,777,092	48,171,469	44,743,818	18,542,001	11,177,662	33,488,198	4,202,594	7,482,021	99,229
Kuwait.....	72	1,591,044,689	34,555,444	33,047,045	14,127,092	10,801,466	30,580,307	3,908,446	7,546,201	156,330
Qatar.....	20	952,356,955	26,815,416	25,985,578	11,248,402	10,335,075	26,155,849	3,979,403	6,862,216	234,040
Saudi Arabia.....	145	2,047,320,914	51,262,291	47,749,085	20,223,015	14,655,248	41,723,076	5,253,323	9,930,418	762,275
United Arab Emirates.....										

Corporate Foreign Tax Credit by Country, 1986

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RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Country and IC-DISC and FSC dividends	Income and taxes from all sources—Continued			Income and taxes from specific geographic area or country					
	Carryover	Foreign tax credit computed		Gross income excluding branch operations and specially allocable income (less loss)					
		Before reduction for international boycott operations	Reduction for international boycott operations	Total	Dividends	Dividend gross-up	Interest	Rents, royalties and license fees	Service income
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
All geographic areas, total.....	5,364,349	22,260,336	727	93,530,645	25,789,233	14,635,179	18,670,536	11,901,161	6,372,908
Canada.....	4,798,438	21,255,656	727	13,448,196	4,275,093	3,616,591	1,761,155	957,009	304,472
Latin America, total.....	4,651,162	20,956,159	727	11,696,986	2,567,420	925,428	5,427,483	533,802	976,717
Mexico.....	4,382,766	19,985,010	717	2,508,573	302,032	119,825	1,610,230	198,165	137,439
Central America, total.....	4,140,285	18,508,175	670	1,475,256	701,420	176,083	113,669	80,468	344,276
Costa Rica.....	2,253,794	15,046,468	544	74,439	17,502	10,271	11,412	8,884	18,569
Guatemala.....	2,373,667	15,906,517	663	32,205	11,695	3,976	5,576	3,682	1,051
Honduras.....	1,973,345	12,868,968	336	200,706	7,585	2,293	4,367	2,095	164,023
Panama (including Canal Zone).....	3,832,279	15,908,906	553	1,134,055	657,622	158,868	83,153	59,847	153,925
Caribbean countries, total.....	4,120,515	18,113,397	673	1,555,500	215,328	58,371	461,672	22,300	289,902
Cayman Islands (British).....	3,677,519	13,418,135	210	555,877	125,458	5,665	414,149	801	4,163
Dominican Republic.....	2,075,794	13,590,257	344	61,768	6,514	281	5,338	6,499	37,868
Trinidad and Tobago.....	3,583,371	13,705,284	340	640,189	72,706	49,660	12,248	9,686	2,602
South America, total.....	4,551,544	20,470,789	727	5,958,112	1,348,352	571,133	3,059,542	229,520	204,536
Argentina.....	4,036,551	18,064,761	702	1,118,111	109,381	19,353	724,399	69,443	27,758
Brazil.....	4,224,122	18,551,130	708	3,130,819	856,034	458,976	1,623,371	72,655	32,191
Chile.....	3,943,242	16,608,101	585	290,700	32,596	4,321	211,291	19,610	6,006
Colombia.....	3,968,048	16,812,252	572	358,714	103,506	37,683	82,948	15,219	71,730
Ecuador.....	3,848,753	15,589,348	562	250,037	161,462	3,455	41,770	11,116	7,087
Peru.....	4,095,349	15,833,457	547	129,594	7,676	3,858	48,175	7,675	4,080
Venezuela.....	4,190,615	18,314,557	722	546,533	70,486	41,881	301,533	25,862	54,033
Other Western Hemisphere, total.....	4,489,269	19,195,466	689	3,456,283	1,694,421	186,702	1,556,129	17,920	17,241
The Bahamas.....	3,773,540	14,406,305	339	1,013,642	117,145	28,114	849,727	6,321	2,154
Netherlands Antilles.....	4,012,716	16,967,460	225	1,277,261	1,008,693	133,924	135,241	3,791	2,221
Europe, total.....	4,963,180	21,693,567	727	37,369,261	12,118,935	7,139,991	4,267,846	6,383,548	2,162,957
Common Market countries, total.....	4,655,625	21,477,524	727	31,137,421	10,370,281	6,378,729	3,398,554	5,052,018	1,521,507
Belgium.....	4,208,144	18,914,921	592	2,191,116	909,970	488,260	153,758	274,107	229,887
France (including Andorra).....	4,243,201	19,705,461	727	3,364,266	842,500	687,406	305,492	953,865	121,012
Greece.....	2,189,392	15,364,117	544	82,486	3,052	1,080	38,492	14,763	20,900
Ireland.....	3,799,799	15,501,663	569	206,508	43,443	9,915	21,807	71,355	33,731
Italy (including San Marino).....	4,323,457	19,514,588	592	3,107,587	1,227,311	636,144	218,267	572,714	105,709
Luxembourg.....	587,534	6,238,533	208	153,369	55,427	46,245	30,441	3,734	10,096
Netherlands.....	4,263,470	19,075,828	610	2,460,402	811,572	460,678	123,268	431,385	54,720
Spain.....	3,934,575	18,208,673	587	920,193	313,574	156,235	90,164	254,723	48,535
United Kingdom.....	4,525,898	20,862,122	727	11,324,729	3,395,517	1,847,374	2,072,254	1,147,567	639,140
West Germany.....	4,408,175	20,363,440	708	6,631,131	2,527,085	1,919,709	286,210	1,175,000	251,743
Other West European countries, total.....	4,580,264	20,241,943	592	5,162,992	1,746,727	759,189	716,543	1,288,876	166,770
Austria.....	3,795,970	16,174,023	553	514,460	248,003	104,010	25,758	74,535	6,051
Finland.....	3,861,381	15,614,739	216	243,606	78,065	40,682	25,352	80,761	3,996
Norway.....	3,830,994	16,102,761	216	1,306,168	151,684	45,095	163,528	702,180	10,709
Sweden.....	4,054,316	17,965,624	591	595,555	158,852	145,496	56,797	166,523	25,797
Switzerland.....	4,143,799	18,921,756	592	2,284,164	1,066,069	414,072	376,843	249,430	57,323
Turkey.....	3,896,903	15,702,209	553	133,406	13,424	8,969	43,423	9,013	59,092
East European countries, total.....	3,429,589	14,074,107	223	146,550	1,222	2,047	93,049	36,137	7,064
Africa, total.....	4,678,331	19,699,388	723	3,409,915	626,437	226,166	210,258	135,184	463,157
North Africa, total.....	3,899,466	15,812,433	364	1,059,956	40,310	26,201	39,917	13,104	45,966
Egypt.....	3,661,395	14,818,930	364	811,043	37,585	25,239	17,596	7,923	29,664
Libya.....	1,547,744	8,827,948	2	104,901	—	—	16	123	2,392
East Africa, total.....	3,508,744	14,053,473	547	121,412	23,471	14,894	5,557	3,530	26,541
West and Central African countries, total.....	3,672,979	15,268,045	547	1,543,317	224,160	99,202	71,868	10,822	374,031
Gabon.....	2,082,513	6,801,301	11	32,687	2,298	2,056	7,195	80	6,138
Nigeria.....	3,462,018	12,673,509	219	355,731	141,985	86,509	17,762	3,450	32,593
Zaire.....	2,099,640	9,517,506	8	13,818	3,325	3,437	727	2,355	2,934
Southern Africa, total.....	4,205,335	18,250,418	722	675,218	338,374	85,869	84,533	107,635	15,649
South Africa (includes Namibia).....	4,012,639	17,767,871	722	626,046	312,246	67,561	81,484	104,637	12,939
Zimbabwe.....	596,091	8,249,192	538	29,968	14,159	13,315	242	420	1,323
Asia, total.....	4,887,279	21,249,358	727	13,933,105	2,840,334	2,142,884	2,199,257	2,980,154	1,045,775
Middle East, total.....	4,205,156	18,355,316	592	2,010,767	151,322	8,855	144,190	322,167	343,002
Iran.....	3,257,767	11,745,954	342	54,909	—	—	38,021	3,002	10,867
Israel.....	1,925,630	11,179,374	384	151,273	5,624	3,253	60,526	22,881	24,658
Kuwait.....	1,720,540	10,803,136	342	371,477	82,300	—	2,405	3,978	59,721
Qatar.....	1,638,582	10,336,403	—	11,622	3,154	3,333	31	621	897
Saudi Arabia.....	3,767,603	14,657,147	572	785,263	50,096	762	12,113	276,255	145,094
United Arab Emirates.....	1,786,253	12,300,267	336	269,218	—	—	8,858	2,643	91,495
Southern and Southeastern Asia, total.....	4,483,768	20,059,780	611	2,857,444	915,982	486,594	423,856	197,421	307,703
India.....	3,815,327	15,877,898	585	102,060	9,801	6,692	13,328	33,524	27,886
Indonesia.....	3,914,087	16,136,351	540	1,398,940	570,792	366,918	25,806	16,679	20,905
Malaysia.....	2,089,463	14,979,605	372	147,660	42,785	16,423	47,766	14,385	12,842
Philippines.....	4,193,476	18,133,913	572	355,101	80,484	38,299	143,512	33,561	47,990
Singapore.....	4,005,736	17,860,595	596	646,097	162,860	37,677	152,665	72,951	137,956
Thailand.....	3,872,619	16,714,182	550	130,285	43,902	17,427	33,867	22,128	6,135
Eastern Asia, total.....	4,644,902	20,729,480	723	8,983,168	1,754,029	1,647,435	1,578,871	2,460,566	394,875
China.....	3,845,424	16,087,462	242	84,109	14	—	7,880	42,746	4,635
Hong Kong.....	4,194,122	17,801,686	592	639,886	250,185	37,982	172,853	52,986	68,423
Japan (Okinawa, Ryukyu).....	4,551,947	20,524,913	723	7,555,946	1,355,946	1,562,754	1,175,881	2,260,312	214,293
South Korea.....	4,049,380	17,512,044	686	405,903	59,316	28,352	182,235	60,708	46,392
Taiwan.....	4,001,195	17,632,672	607	289,939	88,532	18,347	37,383	41,081	61,132
Oceania, total.....	4,525,847	20,432,706	727	2,146,046	459,083	348,012	368,129	421,577	150,521
Australia.....	4,516,278	20,361,889	704	1,893,059	404,158	300,615	316,079	371,536	122,113
New Zealand.....	3,976,676	17,560,460	711	226,412	48,428	47,300	50,636	49,144	11,520
Puerto Rico and U.S. Possessions, total.....	4,177,760	18,136,718	572	2,134,193	612,002	38,004	161,165	85,730	136,266
Puerto Rico.....	4,149,669	17,966,375	572	1,844,261	529,075	30,424	112,411	69,797	75,723
U.S. possessions, total.....	3,793,340	13,855,742	8	289,932	82,928	7,580	48,754	15,933	60,543
Country not stated.....	2,970,654	18,751,454	592	5,497,027	157,196	10,083	2,719,313	386,435	1,115,804
IC-DISC dividends.....	37,807	2,106,812	118	114,072	113,412	660	—	—	—
FSC dividends.....	528,004	3,333,329	208	325,556	324,897	659	—	—	—
OPEC countries, total (included above).....	4,546,342	19,565,886	727	4,318,636	1,082,573	504,914	480,564	344,453	438,844

Footnotes at end of table.

Corporate Foreign Tax Credit by Country, 1986

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued								
	Gross income excluding branch operations and specially allocable income (less loss)—Continued			Oil and gas extraction gross income (less loss)					
	Net capital gain	Partnership income	Other income	Total	From extraction of oil or gas	From sale of business assets	Dividends from foreign corporations	Includable income of Controlled Foreign Corporations	Partnership income
	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)
All geographic areas, total.....	3,900,464	120,416	12,140,747	18,093,774	10,909,143	237,188	6,827,128	123,828	-3,511
Canada.....	435,120	8,266	2,090,491	3,162,214	650,088	499	2,511,575	52	—
Latin America, total.....	30,051	26,482	1,209,803	1,071,883	919,239	-5,931	149,484	9,091	—
Mexico.....	-4,145	-6,685	151,711	—	—	—	—	—	—
Central America, total.....	350	1,078	57,911	9,409	49	20	249	9,091	—
Costa Rica.....	727	(1)	7,073	—	—	—	—	—	—
Guatemala.....	—	—	6,225	212	193	20	—	—	—
Honduras.....	96	—	20,247	—	—	—	—	—	—
Panama (including Canal Zone).....	-901	1,078	20,464	9,196	-143	—	249	9,091	—
Caribbean countries, total.....	20,406	10	487,509	628,304	507,947	—	120,357	—	—
Cayman Islands (British).....	-9,452	—	15,092	—	—	—	—	—	—
Dominican Republic.....	341	—	4,926	—	—	—	—	—	—
Trinidad and Tobago.....	29,566	10	463,711	628,304	507,947	—	120,357	—	—
South America, total.....	13,439	32,079	499,511	434,170	411,242	-5,950	28,878	—	—
Argentina.....	2,780	179	164,818	185,383	187,933	-2,550	—	—	—
Brazil.....	8,730	5,611	73,250	57	57	—	—	—	—
Chile.....	294	2,547	14,035	-3	-3	—	—	—	—
Colombia.....	-97	4	47,721	178,806	153,323	-3,396	28,878	—	—
Ecuador.....	1,293	—	23,855	73,043	73,043	-5	—	—	—
Peru.....	100	3,107	54,924	1	1	—	—	—	—
Venezuela.....	337	20,631	31,770	-9,306	-9,306	—	—	—	—
Other Western Hemisphere, total.....	-3,463	9	-12,676	23,560	23,560	—	—	—	—
The Bahamas.....	-583	—	10,763	—	—	—	—	—	—
Netherlands Antilles.....	311	—	-6,920	23,517	23,517	—	—	—	—
Europe, total.....	1,805,811	33,996	3,456,378	7,075,540	3,752,421	-4,567	3,220,191	114,685	-7,190
Common Market countries, total.....	1,698,238	36,064	2,682,030	4,733,408	1,472,874	-4,534	3,150,922	114,685	-539
Belgium.....	-5,706	-289	141,129	—	—	—	10,346	—	—
France (including Andorra).....	290,816	13,154	150,021	9,909	-436	—	—	—	—
Greece.....	-1,621	347	5,472	—	—	—	—	—	—
Ireland.....	10,318	—	15,939	-21	-59	-2	40	—	—
Italy (including San Marino).....	295,021	698	51,724	33	33	—	—	—	—
Luxembourg.....	199	—	7,227	—	—	—	—	—	—
Netherlands.....	59,327	1,636	517,817	784,176	332,918	1,038	450,220	—	—
Spain.....	33,654	986	22,321	60,421	60,523	-102	—	—	—
United Kingdom.....	569,323	7,459	1,646,095	3,420,040	999,987	-5,553	2,311,460	114,685	-539
West Germany.....	377,555	12,072	81,758	363,062	-15,892	—	378,857	—	—
Other West European countries, total.....	104,425	-2,069	382,529	2,341,807	2,279,222	-33	69,269	—	-6,651
Austria.....	48,831	—	7,272	69,269	—	—	69,269	—	—
Finland.....	677	—	14,073	—	—	—	—	—	—
Norway.....	3,075	-2,703	232,598	2,270,473	2,273,363	-186	—	—	-2,703
Sweden.....	11,230	4,406	26,454	—	—	—	—	—	—
Switzerland.....	40,362	177	79,890	—	—	—	—	—	—
Turkey.....	283	-3,948	3,149	2,054	5,848	153	—	—	-3,948
East European countries, total.....	678	—	6,353	324	324	—	—	—	—
Africa, total.....	536,881	150	1,211,701	2,747,743	2,292,325	248,161	211,570	—	-4,313
North Africa, total.....	-3,786	-4,412	902,656	729,072	734,915	-1,460	—	—	-4,383
Egypt.....	-1,098	-39	694,174	679,208	680,460	-1,252	—	—	—
Libya.....	—	11	102,359	52,407	52,407	—	—	—	—
East Africa, total.....	24,488	1,345	21,587	700	700	—	—	—	—
West and Central African countries, total.....	485,355	1,948	275,930	2,017,972	1,556,711	249,621	211,570	—	70
Gabon.....	90	1,880	12,950	12,888	12,888	—	—	—	—
Nigeria.....	1	—	73,431	602,311	414,476	—	187,835	—	—
Zaire.....	250	—	790	40,696	40,696	—	—	—	—
Southern Africa, total.....	30,805	1,269	11,084	(1)	(1)	—	—	—	—
South Africa (includes Namibia).....	30,256	1,269	15,654	(1)	(1)	—	—	—	—
Zimbabwe.....	548	—	-39	—	—	—	—	—	—
Asia, total.....	894,550	40,994	1,789,158	2,756,353	2,015,485	-479	733,452	—	7,894
Middle East, total.....	310,555	28,785	701,891	993,311	984,902	43	6,487	—	1,879
Iran.....	11	—	3,008	-589	-589	—	—	—	—
Israel.....	26,801	197	7,334	—	—	—	—	—	—
Kuwait.....	1	—	223,072	213,450	213,450	—	—	—	—
Qatar.....	—	—	3,587	6,487	—	—	6,487	—	—
Saudi Arabia.....	16,206	25,928	258,809	236,229	236,229	—	—	—	—
United Arab Emirates.....	-78	253	166,046	525,225	525,182	43	—	—	—
Southern and Southeastern Asia, total.....	1,859	2,179	521,848	1,757,262	1,025,163	-881	726,965	—	6,015
India.....	4,930	303	5,597	-2	-2	—	—	—	—
Indonesia.....	-1,212	6,015	393,037	1,361,484	628,976	-471	726,965	—	6,015
Malaysia.....	-468	—	13,927	378,926	378,926	—	—	—	—
Philippines.....	-220	-246	11,723	2,325	2,325	—	—	—	—
Singapore.....	-1,024	-3,155	86,167	-888	-479	-410	—	—	—
Thailand.....	41	-277	7,063	-4,208	-4,208	—	—	—	—
Eastern Asia, total.....	581,914	10,030	555,449	5,780	5,420	360	—	—	—
China.....	1,827	25	26,983	-44	-44	—	—	—	—
Hong Kong.....	-678	14	58,121	—	—	—	—	—	—
Japan (Okinawa, Ryukyu).....	580,456	9,819	396,485	5,790	5,431	360	—	—	—
South Korea.....	533	171	28,196	34	34	—	—	—	—
Taiwan.....	-223	—	43,687	—	—	—	—	—	—
Oceania, total.....	120,942	3,469	274,313	1,254,459	1,254,620	-259	—	—	88
Australia.....	108,605	3,237	266,715	1,254,462	1,254,623	-259	—	—	98
New Zealand.....	12,337	233	6,815	-3	-3	—	—	—	—
Puerto Rico and U.S. Possessions, total.....	17,321	669	1,083,038	107	278	-171	—	—	—
Puerto Rico.....	2,883	-695	1,024,642	107	278	-171	—	—	—
U.S. possessions, total.....	14,437	1,364	58,394	—	—	—	—	—	—
Country not stated	63,271	6,380	1,038,544	1,916	1,128	-67	855	—	—
IC-DISC dividends	—	—	—	—	—	—	—	—	—
FSC dividends	—	—	—	—	—	—	—	—	—
OECD countries, total (included above).....	16,649	50,335	1,400,305	3,069,247	2,146,761	-434	921,287	—	1,632

Footnotes at end of table.

Corporate Foreign Tax Credit by Country, 1986

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RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued									
	Deductions other than from branch operations and specially allocable income									
	Total	Deductions allocable to specific types of income					Deductions not allocable to specific types of income			
		Total	Rental, royalty, and licensing expenses		Service expenses	Other deductions	Total	Research and development	Interest	General and administrative
			Depreciation, depletion and amortization	Other						
(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	
All geographic areas, total.....	39,118,710	23,757,954	318,003	973,931	2,877,092	19,588,927	15,360,756	83,188	5,307,304	1,926,676
Canada.....	4,060,050	2,807,308	15,708	49,947	114,018	2,627,635	1,252,741	7,649	253,547	197,892
Latin America, total.....	6,799,751	3,031,212	70,960	44,065	380,568	2,535,819	3,768,540	12,016	1,849,849	310,151
Mexico.....	1,606,580	491,965	28,850	27,462	73,101	362,553	1,114,614	1,002	712,358	78,008
Central America, total.....	689,040	552,947	51	1,699	3,194	548,003	136,093	1,278	59,659	23,733
Costa Rica.....	45,912	35,771	14	81	49	35,629	10,140	613	4,996	1,831
Guatemala.....	14,872	10,025	2	71	169	9,783	4,847	125	1,804	1,276
Honduras.....	246,251	242,857	13	87	1,349	241,409	3,394	13	793	1,838
Panama (including Canal Zone).....	358,239	247,234	23	1,413	1,476	244,323	111,005	518	51,643	18,222
Caribbean countries, total.....	965,629	726,827	12,175	1,656	232,006	480,990	238,802	3,761	81,901	27,177
Cayman Islands (British).....	267,944	82,647	158	243	5,569	76,677	185,297	3,661	77,414	11,078
Dominican Republic.....	35,546	25,981	394	111	9,108	16,368	9,565	22	1,068	1,326
Trinidad and Tobago.....	392,842	374,575	11,256	429	1,521	361,369	18,267	(1)	2,679	13,580
South America, total.....	3,391,759	1,238,973	29,885	13,206	72,215	1,123,667	2,152,786	5,970	949,739	177,709
Argentina.....	707,357	242,876	517	2,345	21,309	218,705	464,481	426	309,165	35,122
Brazil.....	1,512,429	318,368	460	4,703	16,250	296,954	1,194,060	4,335	422,533	82,636
Chile.....	191,242	61,851	32	755	958	60,105	129,391	289	63,334	11,614
Colombia.....	239,720	177,422	1,683	965	13,635	161,139	62,299	435	22,798	10,616
Ecuador.....	195,906	166,987	38	466	777	165,706	28,919	33	11,103	3,188
Peru.....	93,628	54,630	27,031	692	346	26,561	38,998	82	15,028	6,228
Venezuela.....	350,041	132,958	76	2,876	18,588	111,418	217,084	345	101,044	24,825
Other Western Hemisphere, total.....	1,488,163	506,111	10,367	7,189	11,170	477,384	982,053	2,100	400,853	72,558
The Bahamas.....	571,226	91,883	958	871	258	89,795	479,343	324	148,562	38,209
Netherlands Antilles.....	408,248	143,053	1,874	6,237	2,820	132,122	265,195	1,083	70,074	19,142
Europe, total.....	12,511,998	8,327,020	114,650	638,727	1,034,935	6,538,708	4,184,978	42,826	1,081,645	768,672
Common Market countries, total.....	9,642,244	6,228,152	39,594	336,235	509,466	5,342,857	3,414,092	39,439	955,184	672,310
Belgium.....	672,145	440,352	1,100	7,400	21,068	410,784	231,793	6,236	58,994	62,520
France (including Andorra).....	1,106,883	717,852	6,617	81,342	56,397	573,497	389,031	6,171	87,794	98,812
Greece.....	64,910	27,660	84	1,463	6,142	19,971	37,250	49	19,955	475
Ireland.....	69,704	41,326	11	2,265	6,764	32,287	28,378	2,526	5,998	7,555
Italy (including San Marino).....	691,409	466,261	4,134	17,221	50,344	394,562	225,148	1,735	77,923	34,984
Luxembourg.....	47,971	11,236	—	31	2,042	9,163	36,735	814	16,705	4,755
Netherlands.....	630,630	468,609	5,955	69,288	22,482	370,885	162,021	5,535	34,474	30,790
Spain.....	516,190	173,460	582	10,501	10,723	151,654	342,729	602	80,049	39,853
United Kingdom.....	4,129,846	2,772,988	17,863	84,278	235,319	2,435,528	1,356,588	7,526	466,208	248,598
West Germany.....	1,434,023	893,369	2,883	52,491	95,426	742,568	540,655	7,949	83,493	134,982
Other West European countries, total.....	1,863,673	1,381,162	75,042	301,320	89,882	914,918	482,512	3,385	84,223	83,654
Austria.....	80,844	54,633	1,014	1,031	11,470	41,119	26,211	125	8,521	4,840
Finland.....	77,409	49,380	589	5,114	2,423	41,254	28,029	96	10,585	9,368
Norway.....	669,309	628,784	56,572	284,007	283	287,922	40,526	140	8,608	6,051
Sweden.....	188,768	125,583	16,298	6,318	6,638	96,329	63,185	435	14,999	11,129
Switzerland.....	712,923	432,929	499	4,517	22,689	405,225	279,993	2,136	29,248	45,557
Turkey.....	104,755	72,774	30	91	46,319	26,334	31,981	240	4,931	3,140
East European countries, total.....	82,263	34,277	14	1,135	5,420	27,706	47,986	1	22,406	2,447
Africa, total.....	1,501,962	1,235,666	1,856	9,495	272,303	952,011	266,297	1,255	69,422	51,987
North Africa, total.....	609,901	522,142	424	2,765	30,237	488,716	87,759	64	11,145	21,229
Egypt.....	469,526	391,251	39	556	19,091	371,564	78,275	7	5,745	19,957
Libya.....	70,508	70,461	(1)	2	823	69,636	47	—	(1)	2
East Africa, total.....	66,571	50,004	(1)	115	25,714	24,176	16,567	76	5,443	2,373
West and Central African countries, total.....	649,274	592,288	1,004	470	207,959	382,854	56,986	111	21,571	12,815
Gabon.....	38,127	37,324	—	3	5,898	31,423	803	(1)	163	517
Nigeria.....	100,619	80,097	2	158	21,588	58,349	20,522	22	6,970	4,340
Zaire.....	3,866	2,801	2	196	1,658	946	1,065	21	290	237
Southern Africa, total.....	173,261	70,319	428	6,142	8,340	55,409	102,943	1,003	29,982	15,546
South Africa (includes Namibia).....	159,518	63,900	180	5,287	6,063	52,369	95,618	960	27,624	14,480
Zimbabwe.....	5,707	3,270	—	216	1,188	1,865	2,437	43	446	298
Asia, total.....	5,732,526	3,661,091	51,341	123,056	484,064	3,002,629	2,071,435	9,011	566,635	282,314
Middle East, total.....	1,332,883	1,197,178	2,775	4,482	160,352	1,029,568	135,706	106	22,784	17,861
Iran.....	87,563	77,724	3	259	352	77,111	9,840	(1)	354	250
Israel.....	76,069	22,144	230	2,375	7,009	12,531	53,924	3	4,227	1,666
Kuwait.....	360,686	354,527	29	220	55,120	299,158	6,158	(1)	3,864	1,764
Qatar.....	2,897	2,529	21	—	93	2,416	368	(1)	3	9
Saudi Arabia.....	492,598	474,176	2,448	974	89,261	381,492	18,422	6	4,907	2,935
United Arab Emirates.....	251,525	235,851	14	92	3,349	232,395	15,675	(1)	2,538	7,872
Southern and Southeastern Asia, total.....	1,320,965	978,376	37,429	29,406	185,793	725,747	342,589	1,873	146,248	76,910
India.....	36,733	18,317	—	1,663	7,314	9,452	18,416	78	5,790	2,502
Indonesia.....	549,386	509,797	14,894	10,106	7,144	477,653	39,589	368	19,342	9,253
Malaysia.....	61,665	49,584	47	454	837	48,246	12,081	186	4,104	3,125
Philippines.....	179,772	77,790	5,322	4,016	10,550	57,903	101,982	205	33,081	19,298
Singapore.....	383,306	233,953	17,261	12,446	108,642	95,604	149,353	934	75,870	38,443
Thailand.....	44,879	28,340	3	422	3,544	24,370	16,540	100	6,489	3,279
Eastern Asia, total.....	3,032,276	1,479,106	11,137	89,120	137,824	1,241,026	1,553,170	7,032	380,330	187,275
China.....	81,079	67,864	5,779	9,802	3,237	49,046	13,215	71	6,161	1,855
Hong Kong.....	261,280	122,242	259	5,672	13,869	102,442	139,038	315	70,271	22,952
Japan (Okinawa, Ryukyu).....	2,368,644	1,123,070	4,806	67,034	72,854	978,376	1,245,574	6,450	250,597	146,834
South Korea.....	215,486	104,779	173	4,684	21,713	78,208	110,707	129	36,216	8,008
Taiwan.....	103,437	60,505	118	1,698	26,150	32,538	42,932	66	15,780	7,479
Oceania, total.....	894,898	611,216	18,519	30,838	37,158	524,700	283,682	5,588	82,208	61,288
Australia.....	792,918	542,878	18,322	28,514	19,305	476,738	250,040	5,392	69,565	55,800
New Zealand.....	80,485	49,132	169	2,313	1,083	45,567	31,353	195	11,966	5,440
Puerto Rico and U.S. Possessions, total.....	1,919,717	1,593,305	4,024	3,492	80,628	1,505,162	328,412	561	40,190	76,775
Puerto Rico.....	1,701,381	1,443,721	2,591	1,614	29,773	1,409,743	257,660	560	17,401	69,724
U.S. possessions, total.....	218,336	149,584	1,432	1,878	50,855	95,419	68,752	1	22,790	7,051
Country not stated.....	3,980,735	1,781,860	30,577	67,121	462,248	1,201,714	2,219,075	2,183	962,944	105,024
IC-DISC dividends.....	82,178	78,526	—	—	—	78,526	3,652	—	3	11
FSC dividends.....	146,725	144,838	—	—	—	144,838	1,887	—	—	—
OPEC countries, total (included above).....	2,527,634	2,153,344	17,529	15,254	209,109	1,911,452	374,290	774	154,207	55,818

Footnotes at end of table.

Corporate Foreign Tax Credit by Country, 1986

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued						
	Deductions from oil and gas extraction income			Taxable income (less loss) before loss recapture			
	Total	Allocable to specific types of income	Not allocable to specific types of income	Total	Foreign branch income	Specialty allocable income (Section 863(B))	Other than from branch operations and specialty allocable income
	(39)	(40)	(41)	(42)	(43)	(44)	(45)
All geographic areas, total.....	6,086,517	6,011,916	74,601	65,809,314	9,496,597	1,900,781	54,411,935
Canada.....	440,164	438,536	1,628	10,508,330	515,851	604,332	9,388,147
Latin America, total.....	730,473	728,189	2,284	6,053,384	1,077,113	79,035	4,897,235
Mexico.....	10	10	—	1,040,659	102,078	36,587	901,994
Central America, total.....	6,600	4,423	2,176	837,521	47,785	3,520	786,216
Costa Rica.....	—	—	—	30,819	885	1,406	28,527
Guatemala.....	4,423	4,423	—	29,158	11,572	253	17,332
Honduras.....	(1)	(1)	—	-40,589	4,709	248	-45,546
Panama (including Canal Zone).....	2,176	—	2,176	791,151	14,266	1,068	775,816
Caribbean countries, total.....	392,351	392,351	(1)	729,271	137,189	2,211	589,871
Cayman Islands (British).....	—	—	—	394,369	106,160	275	287,933
Dominican Republic.....	4	4	—	48,711	22,129	360	26,222
Trinidad and Tobago.....	392,295	392,295	(1)	230,827	-17,560	1,040	247,348
South America, total.....	331,512	331,404	108	3,193,185	589,587	37,245	2,566,353
Argentina.....	94,997	94,997	(1)	543,758	127,760	5,244	410,754
Brazil.....	568	568	—	1,977,202	341,865	16,947	1,618,390
Chile.....	8	8	—	157,858	57,138	1,262	99,458
Colombia.....	152,746	152,641	105	133,755	12,127	2,635	118,994
Ecuador.....	71,385	71,383	2	66,010	10,497	1,382	54,132
Peru.....	6,508	6,508	—	44,899	7,547	1,386	35,966
Venezuela.....	5,226	5,226	(1)	217,690	13,458	7,741	196,491
Other Western Hemisphere, total.....	9,887	8,632	1,254	2,348,984	379,384	1,481	1,968,119
The Bahamas.....	1,800	1,800	—	799,971	357,382	172	442,416
Netherlands Antilles.....	8,087	6,832	1,254	898,583	30,085	-515	869,013
Europe, total.....	1,873,492	1,815,191	58,301	29,137,183	3,810,223	469,697	24,657,263
Common Market countries, total.....	808,234	765,909	42,325	24,497,724	2,629,382	373,164	21,495,178
Belgium.....	—	—	—	2,070,346	524,643	26,731	1,518,972
France (including Andorra).....	4,554	4,551	3	2,616,398	322,783	36,232	2,257,383
Greece.....	3	3	—	130,224	110,010	2,638	17,576
Ireland.....	431	431	—	195,803	37,706	21,294	136,804
Italy (including San Marino).....	3,202	3,202	(1)	2,651,033	211,185	23,670	2,416,177
Luxembourg.....	—	—	—	108,437	2,685	355	105,398
Netherlands.....	90,975	74,650	16,325	2,035,199	170,462	34,965	1,829,772
Spain.....	72,017	71,983	34	516,370	105,112	7,255	404,004
United Kingdom.....	483,796	457,880	(1)	8,262,828	916,230	151,715	7,194,883
West Germany.....	18,234	18,234	—	5,427,868	168,001	62,759	5,197,108
Other West European countries, total.....	1,063,150	1,047,174	15,976	4,569,467	1,216,979	53,170	3,299,318
Austria.....	-22	-22	—	453,619	16,983	3,020	433,616
Finland.....	40	40	—	167,245	230	818	166,197
Norway.....	1,051,434	1,035,459	15,976	1,791,163	1,152,744	1,563	636,856
Sweden.....	80	80	—	423,410	9,596	7,027	406,787
Switzerland.....	—	—	—	1,548,905	-62,527	40,192	1,571,241
Turkey.....	11,468	11,468	—	85,732	56,641	440	28,651
East European countries, total.....	2,108	2,108	(1)	56,540	-9,548	1,800	64,287
Africa, total.....	793,202	791,325	1,877	2,745,252	826,959	10,341	1,907,952
North Africa, total.....	463,876	462,970	906	478,679	26,753	1,870	450,055
Egypt.....	406,110	406,110	—	326,507	-16,721	1,711	341,517
Libya.....	12,852	11,968	884	79,731	45,339	(1)	34,392
East Africa, total.....	14,851	14,851	—	62,291	7,263	187	54,841
West and Central African countries, total.....	314,210	313,239	971	1,565,479	669,737	1,699	894,043
Gabon.....	30,986	30,986	—	-3,593	1,847	(1)	-5,440
Nigeria.....	71,352	71,053	299	577,634	321,141	1,380	255,112
Zaire.....	32,267	32,238	29	22,252	12,298	3	9,952
Southern Africa, total.....	265	265	—	630,905	121,256	7,692	501,957
South Africa (includes Namibia).....	144	144	—	604,028	130,556	6,944	466,527
Zimbabwe.....	29	29	—	16,327	-8,022	89	24,260
Asia, total.....	1,211,033	1,201,860	9,172	10,353,630	1,952,983	200,067	8,200,580
Middle East, total.....	540,528	533,474	7,054	767,093	80,481	8,728	677,884
Iran.....	2,959	2,959	—	-24,760	7,125	769	-32,654
Israel.....	(1)	(1)	—	107,341	29,372	2,765	75,204
Kuwait.....	213,494	213,494	—	30,855	19,905	159	10,791
Qatar.....	1,418	1,418	—	-5,036	-13,762	(1)	8,725
Saudi Arabia.....	29,791	29,790	(1)	222,740	-74,747	4,821	292,665
United Arab Emirates.....	242,444	235,390	7,054	212,395	194,644	59	17,692
Southern and Southeastern Asia, total.....	635,971	633,852	2,119	2,961,321	1,384,850	39,992	1,536,479
India.....	1,457	1,457	—	87,567	20,762	1,478	65,326
Indonesia.....	372,008	369,890	2,119	1,671,473	819,419	2,499	849,554
Malaysia.....	246,956	246,956	—	315,962	226,271	3,696	85,995
Philippines.....	3,154	3,154	—	221,739	43,176	3,233	175,329
Singapore.....	1,699	1,699	—	479,880	189,601	27,487	262,791
Thailand.....	2,439	2,439	—	137,343	50,948	988	85,406
Eastern Asia, total.....	34,533	34,533	(1)	6,576,778	469,911	155,975	5,950,892
China.....	25,396	25,396	(1)	-23,430	-31,613	5,153	3,030
Hong Kong.....	—	—	—	590,275	197,424	14,245	378,606
Japan (Okinawa, Ryukyu).....	8,940	8,940	(1)	5,669,802	366,271	116,228	5,187,303
South Korea.....	54	54	(1)	289,295	89,598	9,281	190,416
Taiwan.....	133	133	—	226,321	29,170	10,648	186,503
Oceania, total.....	968,689	968,653	37	1,801,435	512,112	38,175	1,251,148
Australia.....	965,136	965,099	37	1,641,862	506,955	34,766	1,100,141
New Zealand.....	3,292	3,292	—	160,321	9,800	4,595	145,927
Puerto Rico and U.S. Possessions, total.....	47,027	47,027	—	567,724	165,412	187,836	214,476
Puerto Rico.....	47,027	47,027	—	442,533	127,632	172,021	142,880
U.S. possessions, total.....	—	—	—	125,191	37,780	15,815	71,596
Country not stated.....	12,551	12,503	48	2,082,869	256,560	309,818	1,516,292
IC-DISC dividends.....	—	—	—	31,893	—	—	31,893
FSC dividends.....	—	—	—	178,831	—	—	178,831
OEPC countries, total (included above).....	1,054,165	1,043,807	10,358	3,150,479	1,340,623	18,853	1,791,003

Footnotes at end of table.

Corporate Foreign Tax Credit by Country, 1986

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RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued									
	Foreign taxes paid or accrued and deemed paid before reduction									
	Total	Paid or accrued								Deemed paid
		Taxes withheld at source on				Other taxes paid or accrued on				
		Total	Dividends	Interest	Rents, royalties and license fees	Branch income	Service income	Partnership income	Other income	
(46)	(47)	(48)	(49)	(50)	(51)	(52)	(53)	(54)	(55)	
All geographic areas, total.....	23,103,062	8,467,889	2,329,825	756,804	808,655	3,273,582	152,670	41,785	1,104,564	14,635,173
Canada.....	4,659,174	1,042,583	568,753	53,736	73,718	178,168	12,308	2,982	152,918	3,616,591
Latin America, total.....	2,604,118	1,676,690	613,568	542,786	81,017	267,952	34,837	21,479	117,048	925,428
Mexico.....	544,635	424,810	162,303	131,661	36,723	67,692	14,365	1,378	10,685	119,825
Central America, total.....	218,308	42,225	14,966	1,238	4,057	16,836	4,039	488	601	176,083
Costa Rica.....	14,149	3,878	520	94	1,333	1,148	341	—	443	10,271
Guatemala.....	11,018	7,042	1,448	88	769	4,533	189	—	16	3,976
Honduras.....	8,077	5,784	1,102	28	—23	1,316	3,371	—	—10	2,293
Panama (including Canal Zone).....	175,352	16,484	11,596	652	1,782	2,248	132	488	—414	158,868
Caribbean countries, total.....	179,887	121,515	8,614	2,387	1,653	23,710	892	—	84,259	58,371
Cayman Islands (British).....	5,674	9	2	—	6	—	—	—	—	5,665
Dominican Republic.....	17,827	17,546	81	101	879	9,350	141	—	6,994	281
Trinidad and Tobago.....	145,494	95,835	8,325	2,179	436	7,767	249	—	76,879	49,660
South America, total.....	1,656,831	1,085,698	427,684	404,007	38,584	158,766	15,542	19,613	21,502	571,133
Argentina.....	164,876	145,523	26,089	61,977	15,465	30,548	2,050	67	9,328	19,353
Brazil.....	1,228,595	769,619	362,496	329,186	6,558	54,389	5,668	3,045	8,278	458,976
Chile.....	28,945	24,624	4,437	1,709	5,732	11,274	1,221	105	147	4,321
Colombia.....	85,708	48,025	13,880	797	2,404	25,655	2,411	—	2,877	37,683
Ecuador.....	28,679	25,224	5,346	659	2,946	16,830	744	—	—1,301	3,455
Peru.....	22,244	18,386	3,392	480	1,808	10,304	63	1,746	592	3,858
Venezuela.....	85,574	43,693	11,832	9,053	2,183	1,278	3,358	14,650	1,339	41,881
Other Western Hemisphere, total.....	210,926	24,224	4,825	4,449	19	3,858	389	—	10,684	186,702
The Bahamas.....	28,546	432	98	22	—	—	(1)	—	312	28,114
Netherlands Antilles.....	152,925	19,001	4,691	458	—	3,485	—	—	10,368	133,924
Europe, total.....	9,876,654	2,736,666	857,435	54,872	324,335	1,177,479	21,671	8,805	292,069	7,139,988
Common Market countries, total.....	8,199,740	1,821,013	694,270	24,149	119,567	665,109	18,916	8,805	290,196	6,378,726
Belgium.....	634,485	146,225	54,033	2,247	463	87,967	500	—	1,016	488,260
France (including Andorra).....	811,160	123,754	38,744	784	35,799	36,445	1,741	5,484	4,756	687,406
Greece.....	13,031	11,951	1,239	229	566	9,784	28	64	40	1,080
Ireland.....	15,723	5,808	167	42	18	5,572	6	—	3	9,915
Italy (including San Marino).....	769,451	133,307	33,416	6,730	47,459	43,554	732	(1)	1,416	636,144
Luxembourg.....	50,399	4,153	3,009	—	—	1,061	83	—	—	46,245
Netherlands.....	622,312	161,634	39,651	872	78	34,240	150	—	86,643	460,678
Spain.....	296,609	140,374	54,612	3,002	25,438	36,161	6,252	783	14,126	156,235
United Kingdom.....	2,551,776	704,404	200,594	6,457	1,789	336,887	8,764	1,536	148,378	1,847,372
West Germany.....	2,243,719	324,010	255,036	3,678	3,835	50,209	546	937	9,768	1,919,709
Other West European countries, total.....	1,671,609	912,420	163,030	30,723	203,302	511,163	2,742	—	1,461	759,188
Austria.....	116,736	12,726	9,352	—	144	2,976	137	—	117	104,010
Finland.....	44,399	3,717	3,710	—	—	—	—	—	3	40,682
Norway.....	777,627	732,533	59,318	29,690	201,523	442,000	—	—	2	45,094
Sweden.....	157,622	12,126	9,071	2	18	3,033	(1)	—	1	145,496
Switzerland.....	518,342	104,269	81,473	566	618	19,752	565	—	1,295	414,072
Turkey.....	51,093	42,124	49	184	872	39,027	1,948	—	43	8,969
East European countries, total.....	5,213	3,167	135	—	1,447	1,160	14	—	412	2,047
Africa, total.....	832,662	606,698	35,384	779	16,367	347,389	30,581	62	176,137	226,163
North Africa, total.....	207,443	181,242	258	30	3,567	39,345	1,234	8	136,800	26,201
Egypt.....	171,998	146,759	—	—	401	9,611	51	—	136,697	25,239
Libya.....	24,778	24,778	—	—	—	24,770	—	8	—	—
East Africa, total.....	23,687	8,793	2,254	29	665	5,112	440	—	293	14,894
West and Central African countries, total.....	442,738	343,537	4,765	524	1,398	269,066	28,861	35	38,887	99,202
Gabon.....	7,426	5,370	414	—	—	2,314	—	—	2,643	2,056
Nigeria.....	260,021	173,512	2,683	411	144	162,735	505	—	7,034	86,509
Zaire.....	13,293	9,856	654	—	721	8,426	54	—	—	3,437
Southern Africa, total.....	156,926	71,060	28,102	195	10,733	31,815	39	19	157	85,867
South Africa (includes Namibia).....	132,279	64,720	23,936	195	10,478	29,897	39	19	157	67,559
Zimbabwe.....	18,303	4,989	3,019	(1)	51	1,918	—	—	(1)	13,315
Asia, total.....	3,934,627	1,791,742	192,560	50,239	267,697	950,064	43,534	6,710	280,937	2,142,884
Middle East, total.....	368,434	359,578	4,283	4,189	13,965	147,464	25,653	5,046	158,977	8,855
Iran.....	1,469	1,469	—	—	1,444	—	7	—	18	—
Israel.....	26,406	23,153	1,193	3,740	3,844	6,520	217	12	7,628	3,253
Kuwait.....	6,074	6,074	—	—	775	5,160	140	—	—	—
Qatar.....	3,431	98	—	—	—	97	1	—	—	3,333
Saudi Arabia.....	143,445	142,683	3,019	33	2,068	17,657	7,010	4,911	107,985	762
United Arab Emirates.....	169,970	169,970	—	—	—	109,492	18,005	—	42,472	—
Southern and Southeastern Asia, total.....	1,317,196	830,602	39,804	29,919	34,644	611,700	8,508	242	105,785	486,594
India.....	47,724	41,033	2,776	165	6,421	27,991	902	—	2,776	6,692
Indonesia.....	936,146	571,228	16,445	17,917	2,786	432,117	1,561	242	100,161	366,918
Malaysia.....	115,772	99,350	262	1,420	2,499	93,656	1,229	—	284	16,423
Philippines.....	86,565	48,266	10,795	7,102	5,009	22,963	825	—	1,571	38,299
Singapore.....	67,963	30,286	363	1,565	13,673	11,719	2,646	1	318	37,677
Thailand.....	38,219	20,793	8,901	1,710	4,204	4,339	965	—	674	17,427
Eastern Asia, total.....	2,248,664	601,229	148,474	16,108	219,088	190,590	9,373	1,422	16,175	1,647,435
China.....	7,402	7,402	—	3	4,685	664	621	—	1,428	—
Hong Kong.....	48,935	10,953	606	2,138	1,034	6,647	61	—	466	37,982
Japan (Okinawa, Ryukyu).....	2,070,805	508,052	124,245	13,084	202,067	148,661	6,782	1,422	11,791	1,562,754
South Korea.....	64,702	36,349	3,784	365	6,224	23,899	370	—	1,707	28,352
Taiwan.....	56,539	38,192	19,839	518	4,835	10,679	1,539	—	783	18,347
Oceania, total.....	733,328	385,316	43,793	20,560	30,026	269,905	375	493	20,164	348,012
Australia.....	668,757	368,142	37,891	19,534	24,828	264,996	324	446	20,122	300,615
New Zealand.....	64,314	17,014	5,893	1,022	5,105	4,876	31	47	41	47,300
Puerto Rico and U.S. Possessions, total.....	189,586	151,582	12,337	2,793	5,831	70,585	6,871	654	52,510	38,004
Puerto Rico.....	155,295	124,871	9,834	2,782	5,521	55,171	3,378	—	48,185	30,424
U.S. possessions, total.....	34,291	26,711	2,504	11	310	15,414	3,493	654	4,325	7,580
Country not stated.....	60,341	50,258	1,039	26,591	9,643	8,182	2,102	599	2,102	10,083
IC-DISC dividends.....	669	9	9	—	—	—	—	—	—	660
FSC dividends.....	781	122	122	—	—	—	—	—	—	659
OECD countries, total (included above).....	1,669,754	1,164,840	39,739	28,074	12,345	772,499	32,022	19,810	260,351	504,914

Footnotes at end of table.

Corporate Foreign Tax Credit by Country, 1986

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued		
	Income and taxes of related foreign corporations		
	Dividends paid or constructively distributed to domestic corporations	Dividends constructively distributed to domestic corporations	Taxes deemed paid by domestic corporations on constructively received dividends
	(56)	(57)	(58)
All geographic areas, total	22,444,065	3,132,133	1,218,183
Canada	4,108,744	127,158	66,925
Latin America, total	2,091,330	262,339	123,068
Mexico.....	283,070	13,181	6,241
Central America, total.....	516,484	194,087	85,880
Costa Rica.....	14,165	376	182
Guatemala.....	11,386	106	52
Honduras.....	7,528	—	—
Panama (including Canal Zone).....	478,746	193,576	85,636
Caribbean countries, total.....	169,587	12,256	3,721
Cayman Islands (British).....	91,980	11,980	3,695
Dominican Republic.....	534	—	—
Trinidad and Tobago.....	72,706	—	—
South America, total.....	1,121,909	42,816	27,224
Argentina.....	82,493	775	248
Brazil.....	840,511	35,622	23,316
Chile.....	32,191	960	109
Colombia.....	73,435	1,303	584
Ecuador.....	14,235	250	70
Peru.....	7,616	400	148
Venezuela.....	65,997	3,505	2,747
Other Western Hemisphere, total	1,205,662	972,957	167,912
The Bahamas.....	44,535	39,552	23,275
Netherlands Antilles.....	901,144	858,433	125,428
Europe, total	11,534,198	1,527,987	792,191
Common Market countries, total.....	9,854,858	817,779	452,204
Belgium.....	882,765	160,710	88,233
France (including Andorra).....	824,731	3,781	3,527
Greece.....	1,682	15	11
Ireland.....	37,563	12,707	2,650
Italy (including San Marino).....	1,222,533	24,322	7,470
Luxembourg.....	48,508	6,289	8,251
Netherlands.....	754,115	75,557	39,855
Spain.....	305,691	1,093	236
United Kingdom.....	3,097,004	271,223	164,557
West Germany.....	2,458,025	261,707	137,367
Other West European countries, total.....	1,677,666	709,559	339,961
Austria.....	246,246	52,086	22,511
Finland.....	77,732	1	1
Norway.....	150,426	137	40
Sweden.....	150,328	16,205	18,053
Switzerland.....	1,033,509	635,848	298,918
Turkey.....	12,668	—	—
East European countries, total.....	1,025	—	—
Africa, total	419,004	10,055	3,989
North Africa, total.....	38,512	—	—
Egypt.....	35,837	—	—
Libya.....	—	—	—
East Africa, total.....	22,635	(¹)	(¹)
West and Central African countries, total.....	155,539	1,098	976
Gabon.....	2,086	—	—
Nigeria.....	141,528	1,098	976
Zaire.....	3,272	—	—
Southern Africa, total.....	202,318	8,957	3,013
South Africa (includes Namibia).....	176,194	3,085	1,610
Zimbabwe.....	14,159	2	1
Asia, total	2,474,575	140,508	43,111
Middle East, total.....	22,241	1,015	80
Iran.....	—	—	—
Israel.....	4,739	—	—
Kuwait.....	—	—	—
Qatar.....	3,154	—	—
Saudi Arabia.....	6,199	968	78
United Arab Emirates.....	—	—	—
Southern and Southeastern Asia, total.....	752,976	56,961	19,004
India.....	8,672	547	242
Indonesia.....	420,480	18	30
Malaysia.....	40,929	8,777	543
Philippines.....	78,618	12,133	7,133
Singapore.....	156,197	35,469	11,046
Thailand.....	43,412	18	9
Eastern Asia, total.....	1,699,359	82,531	24,028
China.....	—	—	—
Hong Kong.....	226,641	68,217	10,357
Japan (Okinawa, Ryukyu).....	1,327,256	14,153	13,617
South Korea.....	58,399	—	—
Taiwan.....	87,062	161	54
Oceania, total	437,763	28,694	19,752
Australia.....	384,219	27,864	19,331
New Zealand.....	47,938	829	421
Puerto Rico and U.S. Possessions, total	58,220	1,397	929
Puerto Rico.....	41,459	1,397	929
U.S. possessions, total.....	16,761	—	—
Country not stated	34,169	921	300
IC-DISC dividends	14,110	—	—
FSC dividends	66,291	60,116	7
OPEC countries, total (included above)	653,680	5,840	3,901

¹ Less than \$500.

NOTE: The number of parent corporations which received income from or paid taxes to a specific country are identified in column 1. The data in columns 2-13 are not limited to amounts attributable to a specific country, i.e., "income and taxes from all sources." When a corporation received income from or paid taxes to more than one country, that corporation is included in (column 1) and the corporation's same aggregate data are included in columns 2-13 for more than one country. The data by geographic areas for columns 1-13 are not additive to the all geographic areas total. However, the data in columns 14-58 are amounts for the specific country. The data by geographic area for columns 14-58 are additive to the all geographic areas total. Data for specific geographic areas are not additive as data are present for only selected countries.

Projections of Returns to be Filed in Fiscal Years 1991-1998

By Bonnie L. Nichols*

Fiscal year projections of the major types of returns provide a foundation for Internal Revenue Service (IRS) resource requirements and budget submissions to the Treasury, Office of Management and Budget, and Congress. The most recent IRS projections indicate that a total of 205.3 million returns will be filed in Fiscal Year (FY) 1991, an increase of 1.5 percent over the number of returns filed in FY 1990[1]. With the exception of 1992, yearly rates of growth in total filings are expected to decrease from 1.5 percent to 1.2 percent in 1998. Due to a planned program change that will eliminate the need by individuals to file requests for first and second extensions of time in which to file their tax returns (discussed below), a decline in total filings is expected in FY 1992. Since individual returns account for over half of all returns, much of the year-to-year growth in grand totals is attributable to them.

These projections are produced by using (1) econometric models that relate the number of returns filed to economic and demographic variables or observed time trends and (2) time-series models. The forecasting models are initially formulated on a calendar year basis and the fiscal year projections are then derived from calendar year estimates (see the section on Data Sources and Limitations). Additionally, the projections are adjusted to reflect recent administrative, regulatory, and legislative changes, but they do not reflect such changes if they are under consideration.

Total Projected Returns

As shown in Table 1, Projection of the Number of Returns to be Filed or to be filed with the Internal Revenue Service, FY 1989-1998, the Grand Total is the sum of the "Primary total" and "Supplemental documents."

Primary returns are those that account for the majority of total filings and historically have generated the majority of the IRS document processing workload. The high volume return types within the primary category include

individual, corporation, and employment tax returns. Of the 199.6 million returns filed in 1989, 189.3 million were designated as primary returns. Supplemental return documents are mainly composed of amended returns and requests for filing extensions from both individuals and corporations. These forms account for only 5 percent of total returns. Returns in both the primary and supplemental categories are processed by the IRS Master File System[2].

The number of information and withholding documents processed by the Service, such as interest and dividend statements and Forms W-2, Wage and Tax Statement, are not included in the returns counted or projected in this article because they are not processed by the IRS Master File System. These returns are large in number so that, if included, they would increase the total number of returns substantially. In 1990, over 1 billion information and withholding documents were processed by the Service.

Figure A presents the average annual percentage change for the major return types during the 1991-1998 projection period. Total returns are expected to increase by an average of 0.9 percent during this period. Projections for 1991 and the associated rates of change from 1990 to 1991 are presented in Figure B.

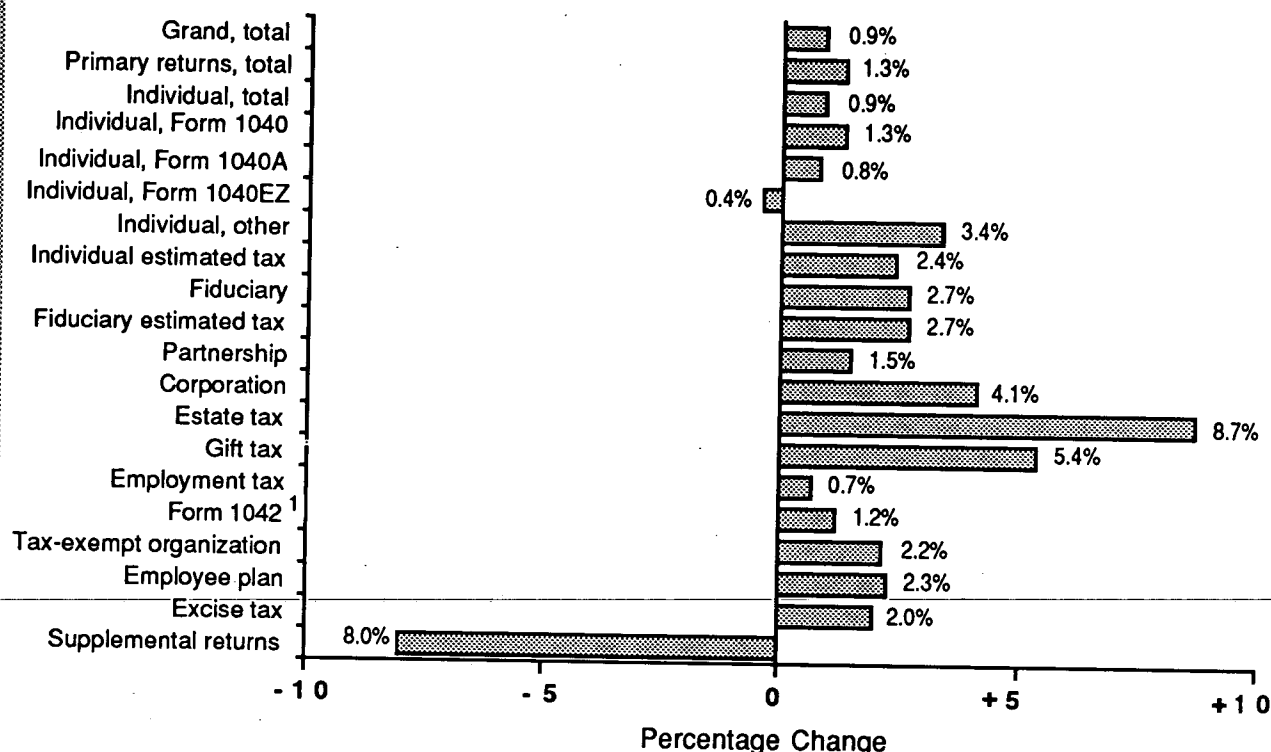
Individual Income Tax Returns

The total 1040 series (the sum of Forms 1040, 1040A, and 1040EZ) is expected to exceed 113 million returns in FY 1991, a growth of around 1.3 million over 1990. This total is projected to increase by 1.1 million returns in 1992 and then by another 0.9 million returns in 1993. These growth increases are substantially smaller than the prior year increases of 3.0 million and 2.2 million recorded in 1989 and 1990, respectively.

Several factors have contributed to slower individual growth rates. First, individual return volumes are closely related to changes in total employment. Compared to the

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Figure A
Projected Average Annual Percentage Change in the Number
of Returns Filed, Fiscal Years 1991-1998



¹ Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.

levels of the late 1980's, total employment is projected to grow more slowly in the 1990's. These slower growth rates will dampen individual return filings. Second, the increases in individual returns filed in the late 1980's were unprecedented as a result of additional filing requirements added by the Tax Reform Act of 1986 (TRA). Finally, the 1988 Technical and Miscellaneous Revenue Act (TAMRA) enables parents to report the "unearned income" of certain children, on the parents' return and in lieu of requiring these dependents to file their own returns.

In order to allow usage by more elderly people, the IRS intends to revise Form 1040A by expanding it to include entries for the following items: Individual Retirement Arrangement (IRA) distributions, pensions and annuities, social security benefits, credit for the elderly, estimated tax payments, and estimated tax penalty. Beginning in 1991, this planned revision will enable an estimated 4.5 million taxpayers to switch from the more complicated Form 1040. However, only 1.5 million taxpayers are expected to actually change forms.

Electronically filed returns indirectly distort the individual return series. The current IRS reporting system counts all individual refund returns filed electronically as if they were Form 1040 returns. A 1990 analysis of electronically filed returns revealed that 74 percent of them could have been filed on either Form 1040A or Form 1040EZ[3]. Figure C compares the number of Forms 1040, 1040A, 1040EZ, and total individual returns expected to be filed in 1991 and 1998, respectively.

Individual Declaration of Estimated Tax

Projections of Individual Declarations of Estimated Tax (Form 1040-ES) show growth rates that range from 2.6 percent in 1992 to 2.2 percent in 1998. Up to four of these forms can be filed annually by a taxpayer. Thus, they constitute a major return type category.

Fiduciary Income Tax Returns

Form 1041 is filed by a fiduciary to report the income of an estate or trust. Since 1988, the 1986 Tax Reform Act

Figure B.—Projections for Fiscal Year 1991

Type of return	1991 Projection (in thousands)	Percentage increase from 1990 ¹ (estimated)
Total returns	205,296	1.48
Primary returns, total	195,095	1.49
Individual income tax, total	113,684	1.30
Form 1040, 1040A, 1040EZ, total ..	113,381	1.30
Form 1040	74,745	0.79
Form 1040A	19,530	6.43
Form 1040EZ	19,106	-1.62
Other	303	3.77
Individual estimated tax	39,884	2.53
Fiduciary income tax	2,829	2.84
Fiduciary estimated tax	692	2.82
Partnership	1,636	-4.16
Corporation income tax	4,475	3.42
Estate tax	64	8.47
Gift tax	143	5.15
Employment tax	29,079	0.47
Form 1042 ²	20	(³)
Exempt organization	514	3.21
Employee plan	1,137	6.16
Excise tax	937	2.40
Supplemental documents, total	10,201	1.25
Form 1040X	1,224	-5.99
Form 4868	5,192	1.13
Form 2688	1,724	3.17
Form 1120X	38	-9.52
Form 7004	1,992	5.06
Form 1041A	31	3.33

¹ Percentages for 1990 were based on estimated final counts of returns because complete information was unavailable at the time this table was computed.

² Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.

³ Less than 0.005 percent.

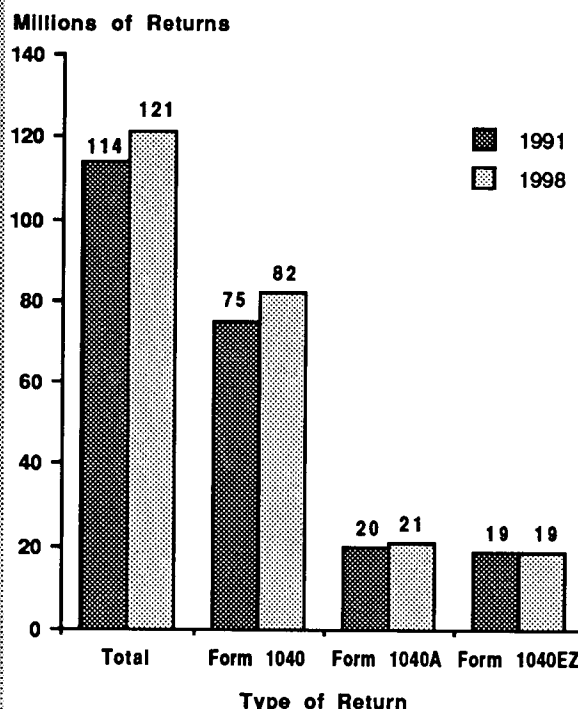
required all fiduciaries to file on a calendar year basis. Fiscal year projections have been adjusted for this change in accounting period. An estimated 2.8 million Form 1041 returns will be filed in Fiscal Year 1991 – an increase of 2.8 percent over 1990 filings. In 1993 through 1998, projected growth will average 2.7 percent.

Fiduciary Estimated Tax Returns

Since 1988, estates and trusts have been required to make estimated tax payments. Form 1041-ES, Estimated Income Tax for Fiduciaries, was developed for taxpayers with a tax liability of \$500 or more to compute and pay estimated taxes. As quarterly payments, up to four of these forms can be filed annually by a fiduciary. In 1989, 663,000 Forms 1041ES were filed. This volume is expected to grow at a rate of 2.9 percent in 1991, and follow the growth pattern of Forms 1041 in the 1993 through 1998 period.

Partnerships

U.S. Partnership Return of Income, Form 1065, is used to report income, deductions, credits, and losses from the operation of a partnership. The purpose of this return is to show each partner's distributive share of income to be reported on the individual (or other) income tax return. Historically, partnerships have been linked to "tax shelter" activity. During the 1978-82 period, peaks in abusive tax

Figure C
Individual Income Tax Returns by
Type, Fiscal Years 1991-1998

shelter practice activities resulted in increases in partnership return filings. The Tax Reform Act of 1986 eliminated the tax incentives for abusive tax shelter activity and Form 1065 filings subsequently exhibited a downward trend. In 1991, filings of partnership returns are expected to fall by 4 percent to 1.6 million forms.

Corporation Income Tax Returns

Corporation income tax returns are the aggregate of Forms 1120 (U.S. Corporation Income Tax Return), 1120-A (U.S. Short-Form Corporation Income Tax Return), and the various forms filed by real estate investment trusts, insurance and investment companies, and others. The corporation category also includes tax returns filed by "S Corporations" (Form 1120S, U.S. Income Tax Return for an S Corporation) that are taxed through shareholders [4].

The Tax Reform Act of 1986 lowered individual tax rates below the top marginal rates for corporations. Because S Corporation shareholders are taxed at these lower individual rates, many qualifying regular corporations shifted to the S Corporation form and fewer regular Forms 1120 were filed as a result. However, most of this impact

was probably completed by 1989. Future years should show normal growth for each of these corporate return types.

Overall, filings of corporation returns increased by 4 percent in 1989 and an estimated 3 percent in 1990. A projected 4.5 million corporation returns will be filed in FY 1991.

Estate and Gift Tax Returns

Gift tax returns (Form 709) increased 17 percent in 1989. This unusual growth is attributable to returns filed in the IRS Detroit District Office. In 1988, the State of Michigan instituted the Michigan Educational Trust System (METS). METS permits parents to contribute to a trust fund that is designated for future educational expenses of State-supported schools. Participants receive State and local tax deductions as well as interest exemption from Federal income taxes. Trust owners are required to file Form 709 even if the trust is valued below the \$10,000 exclusion threshold.

Estate tax returns (Form 706) are expected to grow at rates of 8.5 percent in 1991 and 8.7 percent in 1998. FY 1991 filings of estate tax returns are projected at 64,000 forms.

Employment Tax Returns

Employment tax returns consist of Employer's Annual Federal Unemployment Tax Return, Employer's Annual/Quarterly Federal Tax Return, Employer's Quarterly Tax Return for Household Employees, and Employer's Annual Railroad Tax Return. Projections for the forecast period 1991-1998 reflect year-to-year increases that average 0.7 percent per year.

Form 1042

Form 1042 is an annual withholding tax return filed by foreign "persons" with income from U.S. sources. Form 1042 returns are expected to increase by an average of 1.2 percent between 1991 and 1998.

Tax Exempt Organizations

A host of tax-exempt entities, including public charities, farmers' cooperative associations, private foundations, and "other" exempt organizations, are included in the exempt organization category of returns. In 1990, Form 990EZ was introduced for organizations with total assets of less than \$250,000 and receipts of \$25,000 to \$100,000. Form 990EZ filings are projected at ap-

proximately 42,000 in 1991. Total exempt organization returns are expected to grow at an average annual rate of 2.2 percent between 1991 and 1998.

Employee Plan Returns

Significant changes have occurred in employee plan filing requirements. Starting in Tax Year 1989, employers holding gross pension plan assets of less than \$100,000 are no longer required to file. In addition, Forms 5500C and 5500R are now combined into the single Form 5500C/R. Employee plan returns are expected to grow at an average rate of 2.3 percent over the forecast horizon.

Excise Tax Returns

Both TRA and the Revenue Act of 1987 had an impact on the predicted volume of Form 720 returns to be filed. One provision of the 1986 tax reform requires that the refiner (or first importer) of gasoline pay the gasoline tax—instead of the wholesaler. Also, under the tax reform provision (as amended by the Revenue Act of 1987), wholesalers of diesel fuel must pay the corresponding excise tax—instead of the retailers.

In addition, a provision of the Revenue Act of 1987 specifies that all partnerships and S Corporations electing to maintain a fiscal year reporting period must make certain required payments. These payments are currently made using Form 720. However, starting January 1991, a new form (Form 8752) will be used for this purpose. The Form 8752 projections are subsumed within the Form 720 estimates in Table 1.

The net result of these changes is a 34,000 decrease in the number of Forms 720 filed in FY 1990.

Supplemental Documents

Supplemental documents are composed primarily of amended returns and requests for filing extensions. As discussed above, a major change will soon affect the number of supplemental documents filed. In Calendar Year 1992, a new Automated Processing of Extensions (APEX) system will drastically alter processing of extensions of time to file individual income tax returns. This new system will eliminate Forms 4868 and 2688 and substitute a post-filing analysis of each taxpayer's account to determine if extension criteria have been met. Thus, projections of these two forms for FY 1992 have been significantly reduced to reflect this change and projections of them are eliminated entirely for FY 1993 and beyond. As a result, the average annual change of supplemental documents is expected to contract by 8 percent

between 1991 and 1998 (see Figure A).

DATA SOURCES AND LIMITATIONS

The number of returns filed represents returns processed at IRS service centers and posted to the Master File system during a fiscal year[5]. The 1990 values are estimated from partial year filing results through the end of June.

To illustrate the general forecasting process, projections for the combined total of Forms 1040, 1040A, and 1040EZ returns were developed based on a multiple regression relating total 1040 returns to total employment; an interaction variable involving both total employment and employed married women with husbands present (used as a proxy for potential joint filers); pension beneficiaries and annuitants; and "dummy" variables to account for the effects of law changes[6]. The historical base period for this regression was 1952-1990 with 1990 estimated on the basis of returns filed through June 1990.

Fiscal year projections are derived from calendar year estimates by one of four general methods. The method used most frequently employs the Census Bureau's X-11Q Seasonal Adjustment Program[7]. The method used second most frequently is to compute a ratio based on the quarterly filing experience of one or more historical years. The third method (used in instances where filing trends are not well defined) is based on assumed relationships between the number of returns and various filing patterns. The fourth method is a variation of the X-11Q approach in which the seasonal factors are subsequently trended.

NOTES AND REFERENCES

[1] All statistics are for the year in which the tax returns

were processed by the Internal Revenue Service, stated on a fiscal year (i.e., October through September) basis, unless otherwise noted. Final actual counts for all of FY 1990 were incomplete at the time this article was written (see the Data Sources and Limitations section). For complete counts, see U.S. Department of Treasury, Internal Revenue Service, 1990 *Annual Report, Commissioner and Chief Counsel, Internal Revenue Service, Fiscal Year 1990*, 1991 (in preparation).

- [2] The IRS Master File system includes the Individual Master File (IMF), the Business Master File (BMF), and the Employee Plans Master File (EPMF).
- [3] Electronically filed individual returns grew to nearly 4.2 million in 1990, and are projected to rise to 6.2 million in 1991. Despite the distortion that is being created in the individual return volumes by type, the actual and projected numbers are not adjusted to take into account electronic filing. Recommendations have been made to change the official reporting system to include these returns.
- [4] An S Corporation is a company with no more than 35 shareholders (most of whom are individuals) electing to be taxed at the shareholder level.
- [5] U.S. Department of the Treasury, Internal Revenue Service, 1990 *Annual Report, op. cit.*
- [6] Projections of total employment, employed married women with husbands present, and pension beneficiaries and annuitants were made by the Projections and Forecasting Group, Research Division, Internal Revenue Service.
- [7] U.S. Department of Commerce, Bureau of the Census, "The X-11 Variant of the Census Method II Seasonal Adjustment Program," *Technical Paper No. 15* (1967 revision).

Projections of Tax Return Filings, 1991-1998

Table 1.—Number of Returns Filed or to be Filed with the Internal Revenue Service, Fiscal Years 1989–1998

[Number of returns are in thousands]

Type of return	Actual	Estimated	Projected							
	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total returns¹	199,567	202,299	205,296	201,199	203,644	206,461	209,655	212,648	215,393	218,058
Primary returns, total	189,307	192,224	195,095	197,743	200,242	202,987	206,101	209,010	211,667	214,241
Individual income tax, total	110,253	112,222 ²	113,684	114,803	115,717	116,803	118,228	119,455	120,418	121,270
Forms 1040, 1040A, 1040EZ total	109,995	111,930 ²	113,381	114,493	115,400	116,475	117,885	119,098	120,049	120,887
Form 1040	71,787	74,160	74,745	75,897	76,848	77,620	78,943	80,099	81,000	81,605
Form 1040A	18,720	18,350	19,530	19,645	19,753	20,100	20,300	20,476	20,644	20,719
Form 1040EZ	19,488	19,420	19,106	18,951	18,799	18,755	18,643	18,524	18,405	18,563
Other ³	257	292 ²	303	310	317	329	343	357	369	383
Individual estimated tax	37,591	38,901 ²	39,884	40,904	41,927	42,949	43,972	44,994	46,017	47,040
Fiduciary income tax ⁴	2,625	2,751	2,829	2,903	2,982	3,063	3,145	3,230	3,316	3,404
Fiduciary estimated tax	663	673	692	711	730	750	770	790	812	833
Partnership	1,788	1,707	1,636	1,652	1,680	1,709	1,736	1,763	1,790	1,817
Corporation income tax ⁵	4,208	4,327 ²	4,475	4,627	4,788	4,977	5,195	5,428	5,673	5,938
Estate tax	55	59 ²	64	70	76	83	90	98	107	116
Gift tax	121	136 ²	143	150	157	167	176	186	196	207
Employment tax ⁶	28,911	28,943	29,079	29,243	29,438	29,679	29,926	30,148	30,367	30,591
Form 1042 ⁷	19	20	20	20	20	20	21	21	21	21
Tax-exempt organization ⁸	490	498	514	529	542	554	565	576	587	598
Employee plan ⁹	1,633	1,071	1,137	1,178	1,210	1,237	1,262	1,286	1,310	1,332
Excise tax ¹⁰	949	915	937	955	974	995	1,015	1,034	1,053	1,073
Supplemental documents, total	10,260	10,075	10,201	3,456	3,402	3,475	3,554	3,638	3,762	3,817
Form 1040X	1,447	1,302	1,224	1,170	1,127	1,093	1,065	1,041	1,020	1,003
Form 4868	5,155	5,134	5,192	4 ¹¹	—	—	—	—	—	—
Form 2688	1,684	1,671	1,724	115 ¹¹	—	—	—	—	—	—
Form 1120X	52	42	38	37	36	35	35	34	33	32
Form 7004	1,891	1,896	1,992	2,099	2,206	2,313	2,421	2,528	2,636	2,745
Form 1041A	29	30	31	32	33	34	34	35	36	37

¹ Excluded from all totals are the following "Non-Master File" returns: Form CT-2, 941M, 990BL, and 1120-IC-DISC. Also excluded are withholding and information documents, including Forms such as W-2 and the 1099 series and related forms.

² Estimate, including that for some corporations, is based on returns processed through part of 1990. The actual number filed in FY 1990 was unavailable when this table was compiled.

³ Includes Forms 1040NR, 1040PR, 1040SS, and 1040C; Form 1040X is included under "Supplemental documents," below.

⁴ Includes Forms 1041 and 1041S; Form 1041A is included under "Supplemental documents," below.

⁵ Includes Forms 1120, 1120A, 1120F, 1120H, 1120L, 1120POL, 1120S, 1120DF, 1120FSC, 1120PC, 1120REIT, and 1120RIC; Form 1120X is included under "Supplemental documents," below.

⁶ Includes Forms 940, 940EZ, 940PR, 941, 941E, 941PR, 941SS, 942, 942PR, 943, 943PR, and CT-1.

⁷ Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.

⁸ Includes Forms 990, 990C, 990PF, 990T, 4720, 5227, and (starting 1990) 990EZ.

⁹ Includes Forms 5500, 5500C, 5500EZ and 5500R.

¹⁰ Includes Forms 11C, 720, 730, 2290, and (starting Calendar Year 1991) 8752; excludes Forms 11 and 5000.24 which are filed with the Bureau of Alcohol, Tobacco and Firearms, U.S. Department of the Treasury, instead of with the Internal Revenue Service.

¹¹ Forms 4868 and 2688 are to be discontinued in Calendar Year 1992. The return volumes shown for Fiscal Year 1992 reflect estimates for October through December 1991.

Selected Historical Data

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NOTICE

The data on the following pages are the latest and most accurate available at time of publication. However, they are subject to continuous revision as more information becomes available. Data labeled as preliminary should be used with caution.

Selected Historical Data

Table 1.—Individual Income Tax Returns: Selected Income and Tax Items for Selected Tax Years, 1970–1988

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	1970	1975	1980	1985	1986	1987	1988
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns.....	74,279,831	82,229,332	93,902,469	101,660,287	103,045,170	106,996,270	109,708,280
Form 1040 returns.....	74,279,831	54,527,726	57,122,592	67,006,425	68,909,828	71,032,103	71,359,242
Form 1040A returns.....	N/A	27,701,606	36,779,877	18,124,702	17,584,689	17,446,685	19,066,165
Form 1040EZ returns.....	N/A	N/A	N/A	16,529,160	16,550,653	18,517,482	19,282,873
Adjusted gross income (AGI).....	631,692,540	947,784,873	1,613,731,497	2,305,951,483	2,481,681,046	2,773,824,198	3,083,019,783
Salaries and wages:							
Number of returns.....	66,965,659	73,520,046	83,802,109	87,198,001	88,217,638	90,984,304	93,257,370
Amount.....	531,883,892	795,399,462	1,349,842,802	1,928,200,978	2,031,025,984	2,163,905,509	2,337,984,129
Taxable interest received:							
Number of returns.....	32,630,355	40,378,240	49,019,575	64,526,434	65,236,518	67,933,810	69,421,338
Amount.....	22,021,267	43,433,554	102,009,444	182,109,194	167,640,438	168,966,067	186,981,636
Dividends in AGI: ¹							
Number of returns.....	7,729,939	8,853,491	10,738,982	15,527,579	16,753,537	22,324,321	22,903,155
Amount.....	15,806,924	21,892,126	38,761,253	55,046,351	61,623,348	66,791,158	77,329,507
Business or profession net income less loss:							
Number of returns.....	6,159,985	7,242,542	8,881,119	11,900,341	12,360,345	13,002,055	13,571,440
Amount.....	30,554,201	39,421,478	55,129,154	78,772,577	90,423,763	105,460,627	126,323,250
Net capital gain less loss in AGI: ²							
Number of returns.....	7,962,663	7,574,823	9,970,921	11,125,595	15,560,453	15,450,141	14,286,189
Amount.....	9,006,683	14,071,893	30,029,074	67,694,001	132,841,678	137,398,726	153,768,209
Pensions and annuities in AGI: ³							
Number of returns.....	3,249,558	5,088,937	7,373,704	13,133,295	14,771,235	16,497,586	16,481,248
Amount.....	7,878,808	20,886,871	43,339,736	95,096,003	107,696,794	124,754,833	138,785,886
Unemployment compensation in AGI:							
Number of returns.....	N/A	N/A	1,798,210	4,771,546	5,106,015	7,370,742	6,974,262
Amount.....	N/A	N/A	2,028,456	6,355,539	6,975,196	12,286,674	11,626,600
Social security benefits in AGI:							
Number of returns.....	N/A	N/A	N/A	2,956,073	3,174,904	3,637,211	4,024,093
Amount.....	N/A	N/A	N/A	9,594,182	10,648,112	12,524,112	14,361,470
Rents and royalties net income less loss:							
Number of returns.....	6,557,498	7,143,812	8,208,132	9,970,604	9,394,506	9,492,112	9,560,133
Amount.....	3,232,817	5,202,078	4,105,381	-12,963,727	-15,292,084	-9,254,758	-3,853,513
Partnership and S Corporation net income less loss:							
Number of returns.....	n.a.	n.a.	n.a.	5,487,671	5,817,455	5,574,532	5,899,223
Amount.....	12,637,912	12,811,091	10,099,346	-2,526,591	-5,859,500	24,314,070	57,080,226
Farm net income less loss:							
Number of returns.....	3,026,530	2,755,041	2,608,430	2,620,861	2,524,331	2,420,186	2,367,527
Amount.....	2,788,713	3,563,325	-1,792,466	-12,005,483	-7,284,231	-1,323,464	-1,176,537
Total statutory adjustments:							
Number of returns.....	6,370,552	9,024,255	13,148,919	37,763,418	38,034,061	11,620,127	10,747,370
Amount.....	7,665,251 ⁴	15,101,999	28,614,061	95,082,299	99,008,229	30,116,329	28,201,888
Individual Retirement Arrangements:							
Number of returns.....	N/A	1,211,794	2,564,421	16,205,846	15,535,531	7,318,727	6,361,421
Amount.....	N/A	1,436,443	3,430,894	38,211,574	37,758,393	14,065,722	11,881,754
Self-employed retirement plans:							
Number of returns.....	591,655	595,892	568,936	675,822	773,296	759,083	814,586
Amount.....	847,692	1,603,788	2,007,666	5,181,993	6,194,617	6,183,441	6,626,908
Married couples who both work:							
Number of returns.....	N/A	N/A	N/A	24,835,278	25,647,221	N/A	N/A
Amount.....	N/A	N/A	N/A	24,614,983	26,672,241	N/A	N/A
Exemptions:							
Number of exemptions.....	204,126,402	212,202,596	227,925,098	244,180,202	245,752,978	217,495,163	221,884,006
Number, age 65 or over.....	8,904,331	9,937,208	11,847,168	16,748,810	17,395,776	N/A	N/A
Total deductions:							
Number of returns.....	73,862,448	81,585,541	88,491,251 ⁴	96,848,626 ⁴	98,180,981 ⁴	106,005,861 ⁵	108,819,935 ⁵
Amount.....	120,549,755	233,181,778	346,000,155 ⁴	554,733,523 ⁴	611,293,162 ⁴	607,223,513 ⁵	685,954,065 ⁵
Itemized deductions:							
Number of returns.....	35,430,047	26,074,061	28,950,282	39,848,184	40,667,008	35,627,790	31,902,985
Total amount ⁶	88,178,487	122,260,601	218,028,139	405,023,525	447,057,972	392,020,128	395,216,456
Medical and dental expense.....	10,585,749	11,422,312	14,972,082	22,926,214	25,112,007	17,151,819	17,993,829
Taxes paid.....	32,014,673	44,141,289	69,404,275	128,084,618	143,446,005	119,388,068	120,628,182
Interest paid.....	23,929,477	38,885,282	91,187,006	180,094,578	196,566,331	179,942,422	179,737,720
Contributions.....	12,892,732	15,393,331	25,809,608	47,962,848	53,815,979	49,623,907	50,949,273
Taxable income:							
Number of returns.....	59,593,598	65,852,602	88,104,696	96,124,046	97,358,296	90,079,102	90,281,729
Amount.....	401,154,285	595,492,866	1,279,985,360	1,820,740,833	1,947,024,584	1,850,597,119	2,069,966,980
Income tax before credits:							
Number of returns.....	59,596,755	65,854,734	76,135,819	85,994,216	86,600,724	89,717,924	90,218,979
Amount.....	84,156,695 ⁷	132,452,044	256,294,315	332,165,333	367,591,995	373,857,125	418,889,165
Total tax credits ⁸.....	396,610	8,069,846	7,215,839	10,248,044	7,020,731	6,329,438	7,047,140
Child care credit.....	N/A	N/A	956,439	3,127,702	3,397,090	3,438,314	3,812,849
Credit for the elderly and disabled.....	167,656	128,968	134,993	108,642	85,764	66,633	68,904
Residential energy credit.....	N/A	N/A	562,141	811,675	N/A	N/A	N/A
Foreign tax credit.....	169,623	381,985	1,341,675	782,561	773,939	1,099,484	1,087,203
Investment credit.....	30,554	1,593,150	3,288,415	(⁹)	(⁹)	(⁹)	(⁹)
General business credit.....	N/A	N/A	N/A	4,791,132 ⁹	1,115,836 ⁹	1,018,624 ⁹	718,209 ⁹
Income tax after credits.....	83,787,323	124,382,197	249,078,475	321,917,289	360,571,264	367,527,687	411,842,025
Total income tax: ¹⁰							
Number of returns.....	59,317,371	61,490,737	73,906,244	82,846,420	83,967,413	86,723,796	87,135,332
Amount.....	83,909,311	124,526,297	250,341,440	325,710,254	367,287,213	369,202,757	412,869,909

See notes following Table 20.

Selected Historical Data

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Table 2.—Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989

[Money amounts are in thousands of dollars, except where indicated]

State	Number of returns	Number of exemptions	Adjusted gross income (AGI)	Salaries and wages		Dividends	
				Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
United States, total¹							
Total.....	113,242,080	244,351,038	3,250,669,292	95,374,189	2,451,493,264	23,112,757	80,080,288
Under \$10,000 ²	33,777,470	43,058,256	104,885,629	25,966,280	124,656,144	3,203,146	4,083,842
\$10,000 under \$15,000.....	13,934,817	28,606,937	173,185,218	11,219,557	129,107,300	1,661,105	2,960,605
\$15,000 under \$30,000.....	28,878,414	65,809,897	627,215,508	25,005,533	503,602,901	4,696,186	9,169,377
\$30,000 under \$50,000.....	20,778,918	57,711,036	806,270,986	18,946,317	671,968,165	5,631,683	11,368,468
\$50,000 or more.....	15,872,461	49,164,912	1,539,111,951	14,236,502	1,022,158,754	7,920,637	52,497,996
Alabama							
Total.....	1,670,001	3,799,991	40,953,728	1,453,083	32,106,421	242,620	689,094
Under \$10,000 ²	558,359	816,595	2,321,948	459,468	2,190,962	30,625	35,471
\$10,000 under \$15,000.....	234,135	522,385	2,901,156	198,308	2,302,215	16,078	23,406
\$15,000 under \$30,000.....	417,445	1,060,363	9,025,644	371,038	7,485,218	48,854	73,552
\$30,000 under \$50,000.....	283,324	839,823	10,951,053	263,494	9,411,243	62,957	98,072
\$50,000 or more.....	176,738	560,825	15,753,927	160,775	10,716,783	84,106	458,593
Alaska							
Total.....	313,505	524,906	8,370,174	217,878	6,447,903	73,040	118,875
Under \$10,000 ²	128,341	64,554	197,767	49,660	213,953	17,714	12,513
\$10,000 under \$15,000.....	24,201	41,367	300,062	21,172	231,645	4,903	5,245
\$15,000 under \$30,000.....	55,921	118,589	1,229,254	49,994	983,643	12,944	14,581
\$30,000 under \$50,000.....	49,471	128,043	1,936,395	45,506	1,594,200	14,109	18,872
\$50,000 or more.....	55,571	172,353	4,706,696	51,546	3,424,462	23,370	67,664
Arizona							
Total.....	1,573,126	3,608,609	41,173,936	1,296,936	30,870,207	318,450	1,138,209
Under \$10,000 ²	486,656	725,841	1,328,528	379,391	1,879,754	44,271	70,372
\$10,000 under \$15,000.....	209,927	464,616	2,606,523	167,608	1,934,424	27,390	58,371
\$15,000 under \$30,000.....	406,250	999,816	8,782,053	339,913	6,797,699	74,164	177,243
\$30,000 under \$50,000.....	274,492	800,686	10,632,531	241,340	8,509,488	77,742	199,124
\$50,000 or more.....	195,801	617,650	17,824,301	168,684	11,748,842	94,883	633,099
Arkansas							
Total.....	953,523	2,216,969	20,693,074	796,596	15,692,974	138,973	365,652
Under \$10,000 ²	332,345	516,852	1,050,389	262,950	1,243,206	19,872	24,447
\$10,000 under \$15,000.....	142,161	331,794	1,765,222	115,690	1,326,523	12,467	17,104
\$15,000 under \$30,000.....	255,503	679,848	5,500,382	220,216	4,355,432	34,895	53,119
\$30,000 under \$50,000.....	148,210	450,160	5,681,701	133,131	4,615,977	35,460	57,523
\$50,000 or more.....	75,304	238,315	6,695,380	64,609	4,151,836	36,279	213,459
California							
Total.....	13,485,607	30,021,266	428,913,735	11,267,260	317,298,053	2,524,442	9,650,911
Under \$10,000 ²	3,813,424	5,661,205	8,748,701	2,906,649	15,059,121	300,461	467,030
\$10,000 under \$15,000.....	1,626,501	3,542,799	20,157,633	1,336,119	15,561,008	160,320	336,532
\$15,000 under \$30,000.....	3,318,065	7,579,561	72,262,470	2,841,411	58,196,249	475,883	1,085,316
\$30,000 under \$50,000.....	2,444,280	6,399,298	95,049,286	2,179,605	77,820,333	583,458	1,369,474
\$50,000 or more.....	2,283,337	6,838,403	232,695,645	2,003,476	150,661,342	1,004,320	6,392,559
Colorado							
Total.....	1,533,471	3,247,365	42,447,900	1,294,121	32,607,938	350,405	994,377
Under \$10,000 ²	457,340	541,453	1,009,717	350,589	1,672,265	51,596	67,416
\$10,000 under \$15,000.....	182,286	359,143	2,267,187	148,737	1,707,807	23,270	41,618
\$15,000 under \$30,000.....	387,563	871,727	8,443,242	336,010	6,746,229	72,334	128,562
\$30,000 under \$50,000.....	288,916	800,546	11,220,263	263,231	9,299,096	88,695	160,423
\$50,000 or more.....	217,366	674,496	19,507,491	195,554	13,182,541	114,510	596,358
Connecticut							
Total.....	1,677,947	3,293,984	63,645,158	1,417,795	48,179,431	476,661	1,878,668
Under \$10,000 ²	405,142	355,437	1,313,968	296,725	1,372,984	67,160	86,941
\$10,000 under \$15,000.....	156,440	270,612	1,954,690	120,498	1,356,635	29,095	54,314
\$15,000 under \$30,000.....	417,775	766,448	9,201,550	363,347	7,413,281	84,235	179,220
\$30,000 under \$50,000.....	341,613	832,654	13,383,993	310,962	11,091,012	106,741	262,915
\$50,000 or more.....	356,977	1,068,833	37,790,957	326,263	26,945,519	189,430	1,295,278
Delaware							
Total.....	324,166	670,521	9,842,474	282,644	7,563,579	86,141	358,430
Under \$10,000 ²	86,591	92,634	339,504	69,023	316,065	9,745	11,261
\$10,000 under \$15,000.....	39,269	73,761	490,270	32,957	374,671	5,328	8,935
\$15,000 under \$30,000.....	81,557	171,068	1,765,656	72,227	1,419,061	16,142	30,452
\$30,000 under \$50,000.....	63,006	167,164	2,457,128	58,531	2,048,472	22,164	42,422
\$50,000 or more.....	53,743	165,894	4,789,916	49,906	3,405,310	32,762	265,360
District of Columbia							
Total.....	322,628	583,492	10,030,094	270,801	7,071,012	52,489	358,739
Under \$10,000 ²	82,635	107,484	170,446	61,816	319,411	5,462	8,626
\$10,000 under \$15,000.....	42,001	76,859	525,699	35,360	420,610	2,523	4,821
\$15,000 under \$30,000.....	103,626	195,532	2,231,098	92,478	1,904,894	9,484	18,581
\$30,000 under \$50,000.....	51,450	100,112	1,964,180	45,394	1,603,033	11,795	30,083
\$50,000 or more.....	42,916	103,505	5,138,671	35,753	2,823,064	23,225	296,628
Florida							
Total.....	5,970,839	12,972,987	169,688,336	4,752,691	110,066,825	1,316,861	7,246,027
Under \$10,000 ²	1,797,706	2,545,633	5,839,685	1,382,451	6,903,147	188,229	354,885
\$10,000 under \$15,000.....	865,473	1,806,556	10,754,257	671,767	7,711,211	126,854	310,613
\$15,000 under \$30,000.....	1,601,891	3,723,750	34,388,320	1,297,110	25,408,993	321,728	954,844
\$30,000 under \$50,000.....	983,103	2,702,327	37,961,303	825,187	28,429,739	298,316	1,083,344
\$50,000 or more.....	722,666	2,194,721	80,744,771	576,176	41,613,735	381,734	4,542,341
Georgia							
Total.....	2,820,274	6,085,284	76,935,879	2,500,366	61,374,791	447,701	1,333,806
Under \$10,000 ²	854,920	1,115,813	2,939,620	714,892	3,470,850	52,117	62,313
\$10,000 under \$15,000.....	371,852	763,412	4,626,113	324,976	3,838,842	23,939	37,083
\$15,000 under \$30,000.....	729,592	1,673,432	15,746,609	659,871	13,377,155	81,013	125,447
\$30,000 under \$50,000.....	490,579	1,372,630	19,015,050	457,399	16,299,840	110,931	171,755
\$50,000 or more.....	373,331	1,159,997	34,608,487	343,228	24,388,104	179,701	937,208

See notes following Table 20.

Selected Historical Data

Table 2. (Continued)—Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989

[Money amounts are in thousands of dollars, except where indicated]

State	Interest		Sales of capital assets Net gain less loss		Unemployment compensation	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(8)	(9)	(10)	(11)	(12)	(13)
United States, total¹						
Total.....	70,190,273	219,055,532	12,991,868	143,433,452	7,023,685	12,325,281
Under \$10,000 ²	13,800,911	20,786,351	1,566,002	6,966,281	1,344,848	1,971,116
\$10,000 under \$15,000.....	6,789,717	15,650,807	838,411	965,448	1,108,561	1,891,889
\$15,000 under \$30,000.....	17,791,610	40,204,514	2,461,609	4,361,924	2,276,557	4,265,676
\$30,000 under \$50,000.....	16,849,273	38,803,193	2,923,210	7,766,128	1,632,983	2,917,506
\$50,000 or more.....	14,958,762	103,610,667	5,202,636	123,373,671	660,736	1,279,094
Alabama						
Total.....	835,775	2,214,259	132,562	1,191,935	146,455	145,261
Under \$10,000 ²	159,794	236,738	15,228	42,321	38,875	40,975
\$10,000 under \$15,000.....	85,955	179,536	8,417	11,057	26,659	26,597
\$15,000 under \$30,000.....	216,130	441,868	25,419	47,134	45,888	44,970
\$30,000 under \$50,000.....	211,350	408,385	31,438	77,875	28,246	25,952
\$50,000 or more.....	162,546	947,732	52,060	1,013,548	6,787	6,767
Alaska						
Total.....	169,705	292,624	28,949	181,265	28,763	58,207
Under \$10,000 ²	43,966	25,652	3,152	6,711	3,593	5,617
\$10,000 under \$15,000.....	10,288	9,601	1,098	979	3,099	5,520
\$15,000 under \$30,000.....	30,348	33,365	3,883	5,398	8,167	16,581
\$30,000 under \$50,000.....	35,636	50,784	5,939	11,415	7,807	17,193
\$50,000 or more.....	49,467	173,222	14,877	156,762	6,097	13,296
Arizona						
Total.....	921,322	3,211,156	215,024	1,782,197	73,536	113,361
Under \$10,000 ²	172,791	326,165	28,076	161,341	18,507	26,883
\$10,000 under \$15,000.....	98,826	237,007	17,034	9,436	12,839	20,726
\$15,000 under \$30,000.....	249,772	632,821	47,466	55,238	23,010	35,945
\$30,000 under \$50,000.....	218,047	590,841	49,360	118,385	13,564	20,775
\$50,000 or more.....	181,886	1,424,322	73,088	1,437,797	5,616	9,032
Arkansas						
Total.....	487,987	1,480,416	97,690	597,965	75,678	109,538
Under \$10,000 ²	107,017	165,674	14,180	29,949	19,696	25,486
\$10,000 under \$15,000.....	58,847	146,079	9,038	12,816	14,498	20,717
\$15,000 under \$30,000.....	139,626	345,733	24,480	48,744	27,042	40,512
\$30,000 under \$50,000.....	112,679	283,886	22,943	65,194	12,382	18,969
\$50,000 or more.....	69,818	539,044	27,049	441,262	2,060	3,854
California						
Total.....	8,090,726	29,425,323	1,593,259	24,275,117	901,552	1,413,989
Under \$10,000 ²	1,335,683	2,306,884	158,805	1,292,996	231,235	322,422
\$10,000 under \$15,000.....	719,059	1,543,789	84,690	91,106	145,510	236,484
\$15,000 under \$30,000.....	1,955,877	4,451,741	264,908	506,899	256,442	434,892
\$30,000 under \$50,000.....	1,939,853	4,835,588	339,678	1,092,210	168,837	263,766
\$50,000 or more.....	2,140,254	16,287,321	745,178	21,291,906	99,528	156,425
Colorado						
Total.....	999,984	2,661,973	224,934	1,838,829	71,768	129,809
Under \$10,000 ²	203,190	277,733	30,570	130,494	12,958	20,048
\$10,000 under \$15,000.....	92,487	176,149	14,551	13,430	11,442	21,051
\$15,000 under \$30,000.....	254,517	475,098	44,493	55,350	24,992	46,653
\$30,000 under \$50,000.....	243,451	485,525	52,613	104,137	16,503	30,641
\$50,000 or more.....	206,339	1,247,468	82,707	1,535,418	5,873	11,416
Connecticut						
Total.....	1,267,727	4,281,209	239,074	3,128,065	101,976	209,905
Under \$10,000 ²	232,091	370,135	25,491	84,818	10,224	20,323
\$10,000 under \$15,000.....	96,074	255,337	11,815	11,919	12,176	26,072
\$15,000 under \$30,000.....	292,300	706,824	36,000	51,798	32,873	69,935
\$30,000 under \$50,000.....	300,543	814,080	49,524	115,134	29,153	58,533
\$50,000 or more.....	346,719	2,134,833	116,244	2,864,396	17,550	35,042
Delaware						
Total.....	201,687	519,527	34,856	329,553	17,674	27,581
Under \$10,000 ²	35,435	44,117	3,314	5,594	2,044	2,809
\$10,000 under \$15,000.....	17,708	38,360	1,746	1,880	1,988	3,400
\$15,000 under \$30,000.....	47,453	100,396	5,616	9,043	4,664	8,368
\$30,000 under \$50,000.....	50,419	99,622	7,658	20,288	6,109	8,911
\$50,000 or more.....	50,672	237,032	16,522	292,748	2,869	4,093
District of Columbia						
Total.....	162,071	621,317	27,887	690,309	10,031	26,961
Under \$10,000 ²	21,776	35,708	2,125	60,322	2,698	5,884
\$10,000 under \$15,000.....	14,732	17,843	1,015	1,304	2,272	6,100
\$15,000 under \$30,000.....	48,188	61,883	3,536	6,127	3,404	10,189
\$30,000 under \$50,000.....	37,809	79,402	5,408	13,366	1,129	3,266
\$50,000 or more.....	39,566	426,481	15,803	609,190	528	1,522
Florida						
Total.....	3,502,161	17,286,456	862,967	12,700,493	190,349	337,167
Under \$10,000 ²	667,713	1,342,474	107,412	523,346	41,863	60,444
\$10,000 under \$15,000.....	413,999	1,162,489	70,332	26,740	32,417	56,168
\$15,000 under \$30,000.....	972,747	3,130,658	191,785	245,399	62,653	116,149
\$30,000 under \$50,000.....	774,139	2,939,082	190,168	554,750	37,738	70,732
\$50,000 or more.....	673,563	8,711,753	303,270	11,350,258	15,678	33,674
Georgia						
Total.....	1,397,545	3,930,982	250,366	2,910,974	180,679	204,889
Under \$10,000 ²	240,124	367,789	26,165	237,086	36,442	39,194
\$10,000 under \$15,000.....	121,434	249,218	12,905	21,860	32,945	35,506
\$15,000 under \$30,000.....	344,386	670,648	41,650	90,781	57,537	63,459
\$30,000 under \$50,000.....	351,180	694,726	55,699	160,018	40,366	47,280
\$50,000 or more.....	340,421	1,948,601	113,947	2,401,229	13,389	19,450

See notes following Table 20.

Selected Historical Data

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Table 2. (Continued)—Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989

(Money amounts are in thousands of dollars, except where indicated)

State	Itemized deductions			Tax liability			Earned income credit	
	Number of returns	Amount	Average	Number of returns	Amount	Average	Number of returns	Amount
	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
United States, total¹								
Total.....	33,014,609	442,391,630	13,400	94,081,688	453,493,931	4,820	11,918,403	6,695,917
Under \$10,000 ²	1,139,133	13,760,566	12,080	16,706,156	5,984,393	358	5,237,193	3,567,705
\$10,000 under \$15,000.....	1,163,043	10,159,799	8,736	12,396,202	10,961,006	884	3,733,428	2,482,535
\$15,000 under \$30,000.....	6,089,171	50,960,556	8,369	28,397,208	58,620,047	2,064	2,947,782	645,677
\$30,000 under \$50,000.....	11,042,633	105,708,761	9,573	20,726,801	94,390,236	4,554	—	—
\$50,000 or more.....	13,580,629	261,801,948	19,278	15,855,321	283,538,249	17,883	—	—
Alabama								
Total.....	412,869	4,482,162	10,856	1,306,866	5,158,165	3,947	295,661	175,570
Under \$10,000 ²	13,330	121,921	9,146	232,949	80,166	344	144,843	100,461
\$10,000 under \$15,000.....	16,983	120,880	7,118	202,976	159,290	785	90,561	61,558
\$15,000 under \$30,000.....	90,184	734,466	8,144	411,328	780,718	1,898	60,257	13,551
\$30,000 under \$50,000.....	145,527	1,251,823	8,602	282,987	1,227,383	4,337	—	—
\$50,000 or more.....	146,845	2,253,072	15,343	176,626	2,910,608	16,479	—	—
Alaska								
Total.....	72,968	888,388	12,175	285,996	1,302,720	4,555	15,757	7,721
Under \$10,000 ²	2,459	23,769	9,666	103,181	19,301	187	5,287	3,236
\$10,000 under \$15,000.....	1,540	12,952	8,410	22,562	22,801	1,011	5,296	3,395
\$15,000 under \$30,000.....	8,743	72,289	8,268	55,302	125,851	2,276	5,174	1,090
\$30,000 under \$50,000.....	19,746	190,255	9,635	49,397	252,729	5,116	—	—
\$50,000 or more.....	40,480	589,123	14,553	55,554	882,038	15,877	—	—
Arizona								
Total.....	531,081	6,650,872	12,523	1,256,396	5,299,806	4,218	200,235	114,078
Under \$10,000 ²	27,287	315,359	11,557	213,313	77,951	365	92,990	63,085
\$10,000 under \$15,000.....	27,448	218,821	7,972	178,357	150,679	845	61,253	40,769
\$15,000 under \$30,000.....	125,349	1,041,015	8,305	395,644	762,633	1,928	45,992	10,224
\$30,000 under \$50,000.....	176,243	1,747,218	9,914	273,660	1,175,348	4,295	—	—
\$50,000 or more.....	174,754	3,328,459	19,047	195,422	3,133,195	16,033	—	—
Arkansas								
Total.....	192,869	2,097,720	10,876	741,760	2,075,137	2,798	168,592	97,414
Under \$10,000 ²	8,355	64,360	7,703	143,134	52,052	364	78,907	53,901
\$10,000 under \$15,000.....	9,190	65,744	7,154	123,316	98,221	796	52,425	35,257
\$15,000 under \$30,000.....	43,423	327,923	7,552	252,059	47,305	188	37,260	8,256
\$30,000 under \$50,000.....	69,301	597,310	8,619	148,011	642,168	4,339	—	—
\$50,000 or more.....	62,600	1,042,383	16,651	75,240	1,235,391	16,419	—	—
California								
Total.....	4,598,759	80,699,929	17,548	10,980,027	60,679,216	5,526	1,538,104	905,553
Under \$10,000 ²	183,851	2,680,146	14,578	1,710,272	687,822	402	745,796	521,178
\$10,000 under \$15,000.....	164,127	1,861,906	11,344	1,353,412	1,216,846	899	462,017	312,050
\$15,000 under \$30,000.....	800,108	8,396,984	10,495	3,206,147	6,626,031	2,067	330,291	72,325
\$30,000 under \$50,000.....	1,405,418	16,771,568	11,934	2,431,379	11,049,260	4,544	—	—
\$50,000 or more.....	2,045,255	50,989,325	24,931	2,278,817	41,099,257	18,035	—	—
Colorado								
Total.....	546,575	6,716,514	12,288	1,287,433	5,772,312	4,484	141,033	77,447
Under \$10,000 ²	23,235	233,314	10,041	238,348	85,004	357	58,356	39,933
\$10,000 under \$15,000.....	21,492	163,810	7,622	162,433	149,238	919	45,586	29,450
\$15,000 under \$30,000.....	115,895	936,731	8,083	381,061	780,771	2,049	37,091	8,064
\$30,000 under \$50,000.....	189,617	1,902,013	10,031	288,382	1,265,476	4,388	—	—
\$50,000 or more.....	196,336	3,480,646	17,728	217,209	3,491,823	16,076	—	—
Connecticut								
Total.....	552,126	8,735,338	15,821	1,504,884	10,167,402	6,756	72,663	36,746
Under \$10,000 ²	15,965	237,999	14,908	248,812	88,074	354	25,224	16,623
\$10,000 under \$15,000.....	14,687	145,708	9,921	146,659	145,051	989	23,424	15,027
\$15,000 under \$30,000.....	74,926	698,373	9,321	412,568	957,587	2,321	24,015	5,096
\$30,000 under \$50,000.....	159,015	1,639,151	10,308	340,329	1,701,313	4,999	—	—
\$50,000 or more.....	287,533	6,014,107	20,916	356,516	7,275,377	20,407	—	—
Delaware								
Total.....	105,257	1,319,510	12,536	279,240	1,351,751	4,841	27,786	15,339
Under \$10,000 ²	2,164	21,108	9,754	45,899	15,516	338	10,634	7,312
\$10,000 under \$15,000.....	2,553	18,633	7,298	36,000	32,601	906	9,559	6,340
\$15,000 under \$30,000.....	16,309	119,436	7,323	80,694	170,297	2,110	7,593	1,687
\$30,000 under \$50,000.....	35,828	320,632	8,949	62,923	290,557	4,618	—	—
\$50,000 or more.....	48,403	839,701	17,348	53,724	842,780	15,687	—	—
District of Columbia								
Total.....	99,196	1,701,339	17,151	268,305	1,513,769	5,642	40,658	21,826
Under \$10,000 ²	2,765	72,132	26,088	34,998	13,448	384	15,147	10,460
\$10,000 under \$15,000.....	3,653	25,540	6,992	37,577	33,521	892	13,031	8,637
\$15,000 under \$30,000.....	22,070	172,706	7,825	101,680	214,062	2,105	12,480	2,729
\$30,000 under \$50,000.....	30,812	302,481	9,817	51,236	259,332	5,062	—	—
\$50,000 or more.....	39,896	1,128,480	28,286	42,814	993,406	23,203	—	—
Florida								
Total.....	1,544,586	19,786,065	12,810	4,888,055	25,034,768	5,122	697,369	404,053
Under \$10,000 ²	78,601	970,978	12,353	839,193	323,262	385	309,595	217,045
\$10,000 under \$15,000.....	87,357	699,414	8,006	772,679	663,193	858	224,636	150,576
\$15,000 under \$30,000.....	361,211	3,025,594	8,376	1,574,567	3,148,960	2,000	163,138	36,432
\$30,000 under \$50,000.....	469,628	4,439,074	9,452	980,252	4,503,706	4,594	—	—
\$50,000 or more.....	547,789	10,651,005	19,444	721,364	16,395,647	22,729	—	—
Georgia								
Total.....	840,012	10,990,837	13,084	2,296,244	10,116,958	4,406	415,852	240,054
Under \$10,000 ²	23,432	253,662	10,825	387,216	138,802	358	186,425	128,998
\$10,000 under \$15,000.....	26,806	209,874	7,829	327,844	277,685	847	133,011	89,354
\$15,000 under \$30,000.....	162,139	1,386,832	8,553	718,450	1,427,648	1,987	96,416	21,702
\$30,000 under \$50,000.....	287,140	2,756,681	9,600	489,703	2,140,550	4,371	—	—
\$50,000 or more.....	340,495	6,383,788	18,749	373,031	6,132,273	16,439	—	—

See notes following Table 20.

Selected Historical Data

Table 2. (Continued)—Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989

(Money amounts are in thousands of dollars, except where indicated)

State	Number of returns	Number of exemptions	Adjusted gross income (AGI)	Salaries and wages		Dividends	
				Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Hawaii							
Total.....	542,943	1,120,071	15,851,813	463,687	11,617,775	113,021	333,060
Under \$10,000 ²	148,272	158,559	381,939	112,086	521,929	14,681	17,002
\$10,000 under \$15,000.....	67,704	120,810	842,874	58,047	674,057	7,056	10,236
\$15,000 under \$30,000.....	147,699	315,592	3,182,649	131,348	2,606,984	24,309	36,243
\$30,000 under \$50,000.....	96,448	266,091	3,748,463	87,883	3,024,794	26,521	51,268
\$50,000 or more.....	82,820	259,019	7,695,888	74,323	4,790,011	40,454	218,311
Idaho							
Total.....	409,201	1,002,399	9,649,103	338,044	7,133,530	76,470	214,509
Under \$10,000 ²	132,434	186,722	265,569	102,433	484,802	12,124	15,386
\$10,000 under \$15,000.....	53,184	124,661	659,630	41,572	465,273	6,616	11,552
\$15,000 under \$30,000.....	110,306	311,757	2,405,399	93,759	1,847,746	18,471	32,572
\$30,000 under \$50,000.....	74,831	248,155	2,876,162	67,414	2,317,809	19,911	34,361
\$50,000 or more.....	38,446	131,104	3,442,343	32,866	2,017,900	19,348	120,638
Illinois							
Total.....	5,295,982	11,362,690	162,700,520	4,476,508	122,658,970	1,230,441	4,347,031
Under \$10,000 ²	1,525,119	1,817,416	4,965,367	1,165,909	5,200,156	179,832	214,898
\$10,000 under \$15,000.....	596,537	1,204,026	7,423,219	467,365	5,322,953	87,825	159,977
\$15,000 under \$30,000.....	1,322,953	2,899,555	28,836,030	1,146,589	23,162,743	241,405	483,583
\$30,000 under \$50,000.....	1,027,982	2,856,823	40,024,829	946,093	33,755,731	292,392	615,752
\$50,000 or more.....	823,391	2,584,870	81,451,075	750,552	55,217,387	428,987	2,872,821
Indiana							
Total.....	2,490,485	5,485,826	65,784,636	2,123,656	51,678,444	472,940	1,221,366
Under \$10,000 ²	761,976	929,472	2,715,928	594,999	2,618,169	65,218	67,244
\$10,000 under \$15,000.....	299,406	609,659	3,725,491	236,231	2,705,864	36,036	53,141
\$15,000 under \$30,000.....	620,406	1,474,658	13,493,098	540,369	10,897,638	94,271	159,070
\$30,000 under \$50,000.....	497,659	1,470,136	19,356,684	465,322	16,763,210	125,621	187,856
\$50,000 or more.....	311,038	1,001,901	26,493,435	286,735	18,693,563	151,794	754,055
Iowa							
Total.....	1,248,721	2,792,255	30,584,441	999,443	21,988,402	287,745	667,337
Under \$10,000 ²	401,686	482,653	1,241,089	296,527	1,269,186	48,562	44,465
\$10,000 under \$15,000.....	150,820	316,187	1,875,365	109,203	1,196,090	26,397	36,958
\$15,000 under \$30,000.....	325,588	817,911	7,117,078	266,524	5,181,705	69,640	108,298
\$30,000 under \$50,000.....	238,806	740,631	9,218,221	212,837	7,275,221	73,695	117,818
\$50,000 or more.....	131,821	434,873	11,132,689	114,352	7,066,200	69,451	359,798
Kansas							
Total.....	1,098,337	2,477,207	29,761,093	903,706	21,782,736	235,048	815,932
Under \$10,000 ²	330,806	401,697	926,230	248,968	1,118,779	32,651	35,301
\$10,000 under \$15,000.....	132,077	280,188	1,642,749	101,085	1,132,077	17,820	26,775
\$15,000 under \$30,000.....	285,197	709,666	6,221,465	240,892	4,761,968	52,087	83,865
\$30,000 under \$50,000.....	210,753	635,451	8,159,756	189,696	6,581,812	60,944	99,418
\$50,000 or more.....	139,504	450,205	12,810,893	123,065	8,188,100	71,546	570,573
Kentucky							
Total.....	1,496,099	3,351,305	36,215,257	1,264,401	27,527,568	231,837	719,978
Under \$10,000 ²	503,421	721,576	1,881,189	390,921	1,812,982	31,313	39,336
\$10,000 under \$15,000.....	201,315	434,381	2,493,648	162,771	1,843,002	17,269	26,025
\$15,000 under \$30,000.....	382,169	950,647	8,289,269	335,374	6,688,934	50,020	82,573
\$30,000 under \$50,000.....	262,140	776,803	10,120,247	243,435	8,600,038	60,857	103,254
\$50,000 or more.....	147,054	467,898	13,430,904	131,900	8,582,612	72,378	468,790
Louisiana							
Total.....	1,646,453	3,863,229	38,354,213	1,402,186	29,971,375	246,955	696,300
Under \$10,000 ²	588,145	913,448	1,592,902	471,550	2,250,767	33,697	40,844
\$10,000 under \$15,000.....	225,123	525,709	2,782,829	188,032	2,174,974	17,131	25,264
\$15,000 under \$30,000.....	400,992	1,059,959	8,661,534	351,265	7,054,821	52,935	82,483
\$30,000 under \$50,000.....	266,500	818,146	10,314,033	244,810	8,696,223	64,709	105,720
\$50,000 or more.....	165,693	545,967	15,002,915	146,529	9,794,590	78,483	441,989
Maine							
Total.....	568,388	1,196,936	14,337,811	484,019	10,659,068	105,596	372,830
Under \$10,000 ²	168,911	190,853	663,504	133,946	605,304	15,888	19,371
\$10,000 under \$15,000.....	74,340	141,588	927,564	60,314	684,136	9,283	16,603
\$15,000 under \$30,000.....	157,785	360,581	3,419,646	138,284	2,735,425	25,396	51,049
\$30,000 under \$50,000.....	109,328	320,840	4,218,571	100,678	3,516,107	26,798	65,118
\$50,000 or more.....	58,024	183,074	5,108,526	50,797	3,118,096	28,231	220,689
Maryland							
Total.....	2,314,426	4,704,697	76,934,280	2,001,509	59,294,347	491,616	1,628,709
Under \$10,000 ²	580,334	588,006	1,995,272	453,041	2,100,092	61,250	70,937
\$10,000 under \$15,000.....	247,007	447,364	3,083,744	204,384	2,383,201	25,246	44,579
\$15,000 under \$30,000.....	587,743	1,165,943	12,797,203	520,915	10,642,078	80,207	149,273
\$30,000 under \$50,000.....	451,154	1,136,709	17,620,025	412,406	14,783,300	112,658	223,820
\$50,000 or more.....	448,188	1,366,675	41,438,036	410,763	29,385,676	212,255	1,140,100
Massachusetts							
Total.....	2,956,473	5,770,456	96,339,542	2,525,377	73,551,331	672,455	2,355,788
Under \$10,000 ²	737,272	708,968	2,216,544	554,604	2,628,356	92,946	109,100
\$10,000 under \$15,000.....	307,964	531,234	3,846,997	239,675	2,695,738	45,457	74,820
\$15,000 under \$30,000.....	805,027	1,481,079	17,604,856	708,366	14,330,270	131,657	226,789
\$30,000 under \$50,000.....	586,417	1,474,447	22,819,808	543,860	19,260,734	153,399	300,000
\$50,000 or more.....	519,793	1,574,728	49,851,337	478,872	34,636,233	248,996	1,645,079
Michigan							
Total.....	4,144,719	8,777,674	121,711,417	3,521,530	95,557,258	1,052,114	2,805,781
Under \$10,000 ²	1,246,090	1,388,597	4,801,022	968,160	4,104,047	132,799	154,625
\$10,000 under \$15,000.....	458,710	890,797	5,698,012	347,216	3,851,165	76,115	118,782
\$15,000 under \$30,000.....	951,453	2,101,103	20,741,215	812,832	16,102,524	192,309	360,873
\$30,000 under \$50,000.....	821,780	2,282,538	32,152,713	767,255	27,514,565	272,193	422,640
\$50,000 or more.....	666,686	2,114,639	58,318,455	626,067	43,984,957	378,698	1,748,861

See notes following Table 20.

Selected Historical Data

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Table 2. (Continued)—Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989

(Money amounts are in thousands of dollars, except where indicated)

State	Interest		Sales of capital assets Net gain less loss		Unemployment compensation	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(8)	(9)	(10)	(11)	(12)	(13)
Hawaii						
Total.....	396,550	879,034	60,537	1,064,861	19,676	31,699
Under \$10,000 ²	76,217	78,289	5,756	70,936	2,588	4,057
\$10,000 under \$15,000.....	40,896	50,686	3,040	3,932	2,636	4,474
\$15,000 under \$30,000.....	112,366	154,189	10,637	20,950	6,735	11,229
\$30,000 under \$50,000.....	86,547	165,812	13,648	48,351	5,238	7,962
\$50,000 or more.....	80,524	430,058	27,456	920,692	2,479	3,977
Idaho						
Total.....	247,961	677,209	60,431	458,478	38,636	56,866
Under \$10,000 ²	56,076	82,768	9,490	32,068	6,895	8,243
\$10,000 under \$15,000.....	27,168	65,643	5,530	9,440	6,897	9,597
\$15,000 under \$30,000.....	68,623	155,466	14,881	37,174	15,438	24,184
\$30,000 under \$50,000.....	59,941	131,931	14,453	50,569	7,900	12,268
\$50,000 or more.....	36,153	241,401	16,077	329,227	1,506	2,574
Illinois						
Total.....	3,524,438	11,125,563	621,320	7,340,688	283,410	607,650
Under \$10,000 ²	721,783	1,088,168	70,193	287,116	48,543	86,650
\$10,000 under \$15,000.....	320,854	820,316	35,908	33,768	40,016	88,198
\$15,000 under \$30,000.....	851,533	2,036,667	108,292	162,590	91,175	212,159
\$30,000 under \$50,000.....	851,071	1,967,548	139,600	326,520	72,767	155,036
\$50,000 or more.....	779,197	5,212,864	267,327	6,530,694	30,909	65,607
Indiana						
Total.....	1,535,032	3,828,685	241,287	1,593,034	122,542	132,650
Under \$10,000 ²	325,877	441,494	29,839	88,302	21,169	23,698
\$10,000 under \$15,000.....	150,282	364,184	17,078	21,209	17,975	20,492
\$15,000 under \$30,000.....	372,707	861,770	47,807	86,944	40,726	46,738
\$30,000 under \$50,000.....	395,175	756,904	59,442	146,698	32,190	31,976
\$50,000 or more.....	290,991	1,404,333	87,121	1,249,881	10,482	9,746
Iowa						
Total.....	900,810	2,546,755	192,547	1,023,797	72,462	113,973
Under \$10,000 ²	228,462	302,821	30,207	54,769	11,589	16,749
\$10,000 under \$15,000.....	96,385	264,196	17,768	30,585	11,432	18,866
\$15,000 under \$30,000.....	238,093	641,330	49,529	120,942	27,614	46,222
\$30,000 under \$50,000.....	210,391	532,074	46,506	148,937	17,725	26,527
\$50,000 or more.....	127,479	806,334	48,537	668,564	4,102	5,609
Kansas						
Total.....	718,234	2,296,894	150,611	1,253,159	62,219	114,089
Under \$10,000 ²	156,604	237,870	19,586	62,405	11,778	18,162
\$10,000 under \$15,000.....	71,399	203,934	11,652	15,790	10,286	19,318
\$15,000 under \$30,000.....	183,909	496,789	33,416	61,966	21,805	41,418
\$30,000 under \$50,000.....	174,041	445,861	36,238	91,293	14,140	27,017
\$50,000 or more.....	132,281	912,440	49,719	1,021,705	4,210	8,174
Kentucky						
Total.....	812,442	2,229,332	135,685	1,475,131	127,399	162,262
Under \$10,000 ²	170,991	264,389	18,201	77,078	23,170	29,295
\$10,000 under \$15,000.....	87,637	215,116	10,079	17,066	20,109	27,887
\$15,000 under \$30,000.....	215,814	491,927	28,738	64,544	46,427	60,977
\$30,000 under \$50,000.....	201,682	424,866	32,196	97,657	30,139	35,239
\$50,000 or more.....	136,318	833,034	46,471	1,218,786	7,554	8,864
Louisiana						
Total.....	843,995	2,436,438	132,877	1,070,255	99,123	147,817
Under \$10,000 ²	182,216	269,972	17,105	45,955	26,997	33,304
\$10,000 under \$15,000.....	88,815	189,948	8,595	6,536	16,110	25,034
\$15,000 under \$30,000.....	218,212	484,240	25,417	30,943	32,665	52,164
\$30,000 under \$50,000.....	202,388	457,317	31,498	58,163	18,462	29,029
\$50,000 or more.....	152,364	1,034,961	50,262	928,658	4,889	8,286
Maine						
Total.....	377,093	924,418	57,421	632,125	40,941	61,962
Under \$10,000 ²	79,943	94,334	6,980	23,738	8,261	12,241
\$10,000 under \$15,000.....	41,054	81,276	4,280	9,850	8,052	12,496
\$15,000 under \$30,000.....	106,425	203,822	12,674	37,877	14,306	22,125
\$30,000 under \$50,000.....	93,519	189,847	14,146	62,961	8,555	12,077
\$50,000 or more.....	56,152	355,139	19,341	497,699	1,767	3,023
Maryland						
Total.....	1,508,414	4,190,847	244,167	3,129,823	91,142	167,850
Under \$10,000 ²	249,199	326,080	22,852	145,986	14,551	25,393
\$10,000 under \$15,000.....	116,045	215,537	9,805	12,689	14,341	28,106
\$15,000 under \$30,000.....	348,585	594,807	33,466	61,201	29,126	55,442
\$30,000 under \$50,000.....	369,651	698,876	50,350	126,676	21,701	37,330
\$50,000 or more.....	424,934	2,355,547	127,694	2,783,271	11,423	21,579
Massachusetts						
Total.....	2,212,082	6,585,472	333,139	4,186,823	225,708	624,918
Under \$10,000 ²	410,268	564,721	35,164	167,294	26,687	56,792
\$10,000 under \$15,000.....	195,849	432,583	17,052	19,552	29,874	75,987
\$15,000 under \$30,000.....	580,968	1,176,877	52,852	88,014	73,425	215,813
\$30,000 under \$50,000.....	520,199	1,192,522	69,811	173,144	62,086	179,065
\$50,000 or more.....	504,798	3,218,769	158,260	3,738,819	33,636	97,261
Michigan						
Total.....	2,724,237	6,770,960	501,095	3,248,711	409,105	834,058
Under \$10,000 ²	552,706	661,176	57,221	128,266	46,318	81,422
\$10,000 under \$15,000.....	256,245	583,466	33,518	34,640	47,119	95,433
\$15,000 under \$30,000.....	615,991	1,370,389	92,213	149,896	116,629	281,005
\$30,000 under \$50,000.....	671,469	1,233,028	118,531	254,655	135,125	259,000
\$50,000 or more.....	627,826	2,922,901	199,612	2,681,254	63,914	117,198

See notes following Table 20.

Selected Historical Data

Table 2. (Continued)—Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989

[Money amounts are in thousands of dollars, except where indicated]

State	Itemized deductions			Tax liability			Earned income credit	
	Number of returns	Amount	Average	Number of returns	Amount	Average	Number of returns	Amount
	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
Hawaii								
Total.....	163,183	2,333,700	14,301	467,371	2,177,174	4,658	36,535	18,301
Under \$10,000 ²	4,294	46,528	10,836	80,188	28,795	359	11,325	7,620
\$10,000 under \$15,000.....	4,630	37,109	8,015	62,477	59,546	953	12,527	7,947
\$15,000 under \$30,000.....	29,079	238,731	8,210	145,752	302,591	2,076	12,683	2,734
\$30,000 under \$50,000.....	52,287	540,513	10,337	96,201	434,807	4,520	—	—
\$50,000 or more.....	72,893	1,470,819	20,178	82,753	1,351,435	16,331	—	—
Idaho								
Total.....	116,854	1,281,657	10,968	333,362	1,201,016	3,603	49,972	27,559
Under \$10,000 ²	5,447	47,107	8,648	66,178	23,421	354	20,144	14,053
\$10,000 under \$15,000.....	5,068	38,239	7,545	46,147	39,064	847	15,982	10,527
\$15,000 under \$30,000.....	27,547	209,643	7,610	107,974	205,859	1,907	13,846	2,979
\$30,000 under \$50,000.....	45,079	406,441	9,016	74,652	312,801	4,190	—	—
\$50,000 or more.....	33,713	580,227	17,211	38,411	619,871	16,138	—	—
Illinois								
Total.....	1,452,266	18,394,211	12,666	4,469,615	24,165,951	5,407	481,993	262,666
Under \$10,000 ²	41,835	601,300	14,373	781,200	261,236	334	209,082	137,721
\$10,000 under \$15,000.....	44,279	418,769	9,458	535,292	479,581	896	148,603	98,065
\$15,000 under \$30,000.....	230,915	1,933,456	8,373	1,303,537	2,782,325	2,134	124,308	26,880
\$30,000 under \$50,000.....	475,648	4,294,776	9,029	1,026,625	4,837,782	4,712	—	—
\$50,000 or more.....	659,589	11,145,910	16,898	822,961	15,805,027	19,205	—	—
Indiana								
Total.....	603,605	6,442,482	10,673	2,068,785	8,742,593	4,226	237,619	130,370
Under \$10,000 ²	16,617	317,055	19,080	373,735	120,131	321	98,455	66,628
\$10,000 under \$15,000.....	18,227	147,367	8,085	272,823	238,004	872	75,090	49,785
\$15,000 under \$30,000.....	99,565	721,602	7,248	614,041	1,256,535	2,046	64,074	13,957
\$30,000 under \$50,000.....	222,780	1,811,481	8,131	497,228	2,257,801	4,541	—	—
\$50,000 or more.....	246,416	3,444,977	13,980	310,958	4,870,122	15,662	—	—
Iowa								
Total.....	323,369	3,370,312	10,422	1,056,142	3,971,919	3,761	98,520	51,701
Under \$10,000 ²	15,393	208,493	13,545	226,413	71,951	318	38,860	25,653
\$10,000 under \$15,000.....	15,725	121,831	7,748	137,895	124,382	902	30,697	19,901
\$15,000 under \$30,000.....	65,020	457,118	7,030	321,524	674,649	2,098	28,963	6,147
\$30,000 under \$50,000.....	116,699	934,001	8,004	238,535	1,078,452	4,521	—	—
\$50,000 or more.....	110,532	1,648,869	14,918	131,775	2,022,485	15,348	—	—
Kansas								
Total.....	304,736	3,525,115	11,568	924,765	4,154,206	4,492	97,835	51,784
Under \$10,000 ²	11,267	120,302	10,677	175,191	58,965	337	36,732	24,804
\$10,000 under \$15,000.....	11,330	97,998	8,649	118,456	105,418	890	32,013	20,728
\$15,000 under \$30,000.....	57,063	439,468	7,701	281,169	576,106	2,049	29,090	6,252
\$30,000 under \$50,000.....	107,087	930,746	8,691	210,506	945,765	4,493	—	—
\$50,000 or more.....	117,989	1,936,601	16,413	139,443	2,467,952	17,699	—	—
Kentucky								
Total.....	363,067	3,945,118	10,866	1,204,463	4,644,029	3,856	202,806	114,347
Under \$10,000 ²	11,593	179,174	15,455	237,880	84,747	356	93,921	63,124
\$10,000 under \$15,000.....	13,268	130,136	9,808	179,224	151,375	845	61,522	40,811
\$15,000 under \$30,000.....	75,391	544,206	7,218	378,520	746,747	1,973	47,363	10,412
\$30,000 under \$50,000.....	137,524	1,151,731	8,375	261,869	1,147,304	4,381	—	—
\$50,000 or more.....	125,291	1,939,871	15,483	146,970	2,513,856	17,105	—	—
Louisiana								
Total.....	328,660	3,689,592	11,226	1,252,078	5,018,008	4,008	317,394	186,838
Under \$10,000 ²	12,160	119,196	9,802	236,540	83,733	354	165,634	111,069
\$10,000 under \$15,000.....	13,202	97,782	7,407	189,881	148,938	784	91,678	62,314
\$15,000 under \$30,000.....	69,528	622,996	8,960	393,978	746,677	1,895	60,082	13,455
\$30,000 under \$50,000.....	112,611	980,773	8,709	266,103	1,179,012	4,431	—	—
\$50,000 or more.....	121,159	1,868,846	15,425	165,576	2,859,648	17,271	—	—
Maine								
Total.....	146,323	1,696,311	11,593	484,885	1,808,122	3,729	50,529	26,529
Under \$10,000 ²	4,916	50,863	10,346	92,387	32,188	348	19,336	12,759
\$10,000 under \$15,000.....	4,924	40,203	8,165	69,101	64,116	928	16,185	10,537
\$15,000 under \$30,000.....	29,345	226,279	7,711	156,299	323,071	2,067	15,008	3,233
\$30,000 under \$50,000.....	56,204	508,376	9,045	109,118	476,296	4,365	—	—
\$50,000 or more.....	50,934	870,590	17,093	57,980	912,451	15,737	—	—
Maryland								
Total.....	900,742	13,122,699	14,569	2,019,035	10,720,245	5,232	186,961	100,431
Under \$10,000 ²	19,237	222,476	11,565	315,327	108,245	343	69,700	47,690
\$10,000 under \$15,000.....	21,989	223,039	10,143	226,640	208,440	920	61,440	40,605
\$15,000 under \$30,000.....	143,817	1,195,134	8,310	579,089	1,228,362	2,121	55,821	12,136
\$30,000 under \$50,000.....	293,162	3,068,170	10,466	450,118	2,037,117	4,526	—	—
\$50,000 or more.....	422,537	8,413,880	19,913	447,861	7,138,081	14,938	—	—
Massachusetts								
Total.....	967,404	13,986,978	14,458	2,630,568	14,139,089	5,375	151,178	77,302
Under \$10,000 ²	29,415	368,625	12,532	442,637	162,106	366	56,008	36,901
\$10,000 under \$15,000.....	28,734	256,252	8,918	288,814	285,554	989	47,087	30,192
\$15,000 under \$30,000.....	150,174	1,317,167	8,771	795,144	1,818,244	2,287	48,083	10,209
\$30,000 under \$50,000.....	300,204	3,118,306	10,387	584,713	2,807,001	4,801	—	—
\$50,000 or more.....	458,877	8,926,628	19,453	519,260	9,066,184	17,460	—	—
Michigan								
Total.....	1,369,697	15,356,052	11,211	3,488,858	16,806,803	4,817	308,556	163,306
Under \$10,000 ²	35,322	382,709	10,835	634,702	209,097	329	133,875	85,204
\$10,000 under \$15,000.....	40,629	286,495	7,051	423,990	380,699	898	92,554	60,465
\$15,000 under \$30,000.....	213,702	1,546,650	7,237	942,661	1,985,447	2,106	82,127	17,637
\$30,000 under \$50,000.....	478,584	4,002,363	8,363	821,020	3,809,905	4,640	—	—
\$50,000 or more.....	601,460	9,137,835	15,193	666,485	10,421,655	15,637	—	—

See notes following Table 20.

Selected Historical Data

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Table 2. (Continued)—Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989

[Money amounts are in thousands of dollars except where indicated]

State	Number of returns	Number of exemptions	Adjusted gross income (AGI)	Salaries and wages		Dividends	
				Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Minnesota							
Total.....	1,994,366	4,261,461	57,353,862	1,682,679	43,707,854	473,876	1,268,335
Under \$10,000 ²	573,178	1,852,058	442,210	1,981,734	69,392	83,847	83,847
\$10,000 under \$15,000.....	224,999	430,317	2,803,939	171,829	1,917,781	36,609	58,377
\$15,000 under \$30,000.....	509,433	1,131,820	11,129,418	434,875	8,574,295	101,303	164,059
\$30,000 under \$50,000.....	404,198	1,190,512	15,721,317	372,889	13,063,301	119,992	185,976
\$50,000 or more.....	282,558	916,401	25,847,130	260,876	18,170,743	146,580	776,076
Mississippi							
Total.....	995,697	2,341,712	20,784,199	872,768	16,454,801	119,789	297,332
Under \$10,000 ²	381,124	629,417	1,447,029	322,335	1,561,383	16,484	17,547
\$10,000 under \$15,000.....	148,836	354,134	1,837,594	129,809	1,506,661	8,973	11,349
\$15,000 under \$30,000.....	241,690	651,702	5,191,752	216,729	4,332,924	26,688	37,224
\$30,000 under \$50,000.....	146,013	452,850	5,618,636	135,001	4,773,318	31,742	46,332
\$50,000 or more.....	78,034	253,609	6,689,188	68,894	4,280,515	35,902	184,880
Missouri							
Total.....	2,268,576	4,961,608	59,895,559	1,897,829	45,350,406	485,151	1,612,658
Under \$10,000 ²	706,419	888,593	2,380,275	550,737	2,471,270	64,349	72,718
\$10,000 under \$15,000.....	287,599	601,238	3,573,998	223,513	2,534,719	37,335	61,357
\$15,000 under \$30,000.....	577,356	1,377,320	12,536,082	491,338	9,776,218	104,948	191,319
\$30,000 under \$50,000.....	420,436	1,214,267	16,281,445	383,647	13,575,853	127,522	230,740
\$50,000 or more.....	276,766	880,190	25,123,759	248,594	16,992,346	150,997	1,056,524
Montana							
Total.....	349,307	792,811	7,517,874	272,552	5,196,261	84,281	310,995
Under \$10,000 ²	126,925	175,764	194,087	91,397	408,679	16,960	19,588
\$10,000 under \$15,000.....	45,498	102,049	564,217	33,902	373,048	8,497	13,910
\$15,000 under \$30,000.....	89,095	236,261	1,938,107	72,655	1,397,506	21,796	40,413
\$30,000 under \$50,000.....	59,438	186,514	2,286,516	51,873	1,747,406	20,732	41,474
\$50,000 or more.....	28,351	92,223	2,534,947	22,725	1,269,622	16,296	195,610
Nebraska							
Total.....	721,760	1,609,601	17,773,115	588,644	12,745,257	156,676	390,201
Under \$10,000 ²	232,264	275,221	664,767	176,608	793,506	24,709	25,492
\$10,000 under \$15,000.....	92,201	189,449	1,146,497	71,091	800,890	13,068	19,639
\$15,000 under \$30,000.....	190,066	482,375	4,136,297	159,217	3,118,293	37,920	58,246
\$30,000 under \$50,000.....	133,404	417,879	5,135,601	118,317	4,030,826	41,335	67,393
\$50,000 or more.....	73,825	244,677	6,689,953	63,411	4,001,742	39,644	219,431
Nevada							
Total.....	583,408	1,207,556	17,175,259	500,805	12,368,874	93,080	388,934
Under \$10,000 ²	160,949	201,504	347,197	125,868	644,101	11,582	18,918
\$10,000 under \$15,000.....	79,815	149,210	994,579	68,700	808,404	6,859	13,088
\$15,000 under \$30,000.....	159,933	341,277	3,449,688	142,044	2,853,834	20,463	40,832
\$30,000 under \$50,000.....	108,588	293,024	4,206,187	99,474	3,523,058	23,418	50,138
\$50,000 or more.....	74,123	222,541	8,177,608	64,719	4,539,477	30,758	265,958
New Hampshire							
Total.....	553,090	1,135,396	17,145,954	478,651	13,233,941	122,491	451,617
Under \$10,000 ²	141,514	135,968	326,251	110,818	515,552	16,688	18,913
\$10,000 under \$15,000.....	58,507	102,945	732,544	47,508	549,099	8,160	14,295
\$15,000 under \$30,000.....	145,982	292,083	3,179,243	129,551	2,617,155	24,270	46,730
\$30,000 under \$50,000.....	115,589	319,600	4,517,214	107,248	3,839,137	29,937	59,193
\$50,000 or more.....	91,498	284,800	8,390,702	83,526	5,712,998	43,436	312,486
New Jersey							
Total.....	3,832,302	7,834,394	137,226,542	3,250,817	105,132,050	1,015,983	3,573,844
Under \$10,000 ²	950,996	964,150	3,285,301	701,289	3,240,285	143,676	178,301
\$10,000 under \$15,000.....	397,926	740,098	4,966,368	312,507	3,554,908	62,507	126,825
\$15,000 under \$30,000.....	963,858	1,899,675	21,088,580	837,204	17,023,367	177,468	392,805
\$30,000 under \$50,000.....	739,872	1,845,884	28,881,828	677,676	24,185,969	222,012	514,537
\$50,000 or more.....	779,650	2,384,587	79,004,465	722,141	57,127,521	410,320	2,361,376
New Mexico							
Total.....	643,490	1,499,527	14,547,845	540,483	11,029,528	109,694	331,670
Under \$10,000 ²	232,417	372,241	770,769	184,269	857,139	16,169	21,094
\$10,000 under \$15,000.....	87,159	201,926	1,080,974	72,493	836,688	8,235	14,403
\$15,000 under \$30,000.....	160,374	421,269	3,455,041	138,766	2,768,040	24,727	43,532
\$30,000 under \$50,000.....	100,646	305,983	3,878,275	90,076	3,138,200	28,146	55,677
\$50,000 or more.....	62,894	198,108	5,362,786	54,879	3,429,461	32,417	196,964
New York							
Total.....	8,179,689	16,822,971	275,422,642	6,869,647	201,341,992	1,884,260	8,135,688
Under \$10,000 ²	2,195,253	2,553,503	7,197,970	1,598,698	7,615,630	268,922	350,794
\$10,000 under \$15,000.....	932,275	1,812,313	11,602,379	730,921	8,318,543	132,826	243,654
\$15,000 under \$30,000.....	2,166,342	4,543,344	47,221,194	1,892,567	38,348,363	363,924	741,258
\$30,000 under \$50,000.....	1,524,625	3,862,688	59,272,390	1,402,506	49,752,784	432,089	927,653
\$50,000 or more.....	1,361,194	4,051,123	150,128,709	1,244,955	97,306,672	686,499	5,872,329
North Carolina							
Total.....	3,002,276	6,347,208	77,688,925	2,657,318	59,490,101	508,302	1,524,300
Under \$10,000 ²	917,364	1,146,891	3,836,611	771,740	3,672,037	62,792	71,140
\$10,000 under \$15,000.....	439,798	870,860	5,469,645	385,643	4,517,808	33,512	51,042
\$15,000 under \$30,000.....	784,913	1,805,221	16,842,333	709,030	14,067,734	103,822	170,011
\$30,000 under \$50,000.....	519,796	1,473,221	20,086,158	484,027	16,960,579	129,827	222,259
\$50,000 or more.....	340,405	1,051,015	31,454,178	306,878	20,271,943	178,889	1,009,848
North Dakota							
Total.....	279,909	639,883	6,154,756	217,588	4,282,005	53,353	101,949
Under \$10,000 ²	95,776	121,145	207,052	70,080	313,430	9,544	8,520
\$10,000 under \$15,000.....	36,970	80,222	458,857	26,813	291,621	5,190	7,080
\$15,000 under \$30,000.....	73,680	197,376	1,599,010	58,485	1,097,898	13,629	20,045
\$30,000 under \$50,000.....	49,578	160,229	1,909,806	42,490	1,413,316	13,388	20,477
\$50,000 or more.....	23,905	80,911	1,980,031	19,720	1,165,740	11,602	45,827

See notes following Table 20.

Selected Historical Data

Table 2. (Continued)—Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989

[Money amounts are in thousands of dollars except where indicated]

State	Interest		Sales of capital assets Net gain less loss		Unemployment compensation	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(8)	(9)	(10)	(11)	(12)	(13)
Minnesota						
Total	1,432,450	3,593,480	306,902	2,199,132	123,832	279,892
Under \$10,000 ²	318,084	393,552	40,299	114,732	14,656	24,329
\$10,000 under \$15,000	137,323	316,255	23,937	36,706	16,936	32,505
\$15,000 under \$30,000	359,051	755,853	67,233	144,585	43,963	105,917
\$30,000 under \$50,000	347,943	663,469	72,009	186,396	35,363	86,378
\$50,000 or more	270,049	1,464,351	103,424	1,716,713	12,914	30,763
Mississippi						
Total	422,884	1,186,652	67,968	512,646	74,777	90,089
Under \$10,000 ²	87,645	132,386	8,627	28,968	26,456	30,536
\$10,000 under \$15,000	46,690	105,743	4,920	8,930	14,771	18,797
\$15,000 under \$30,000	114,182	259,794	14,086	31,977	21,029	25,839
\$30,000 under \$50,000	103,756	233,674	16,512	50,154	10,555	12,108
\$50,000 or more	70,611	455,055	23,823	392,617	1,966	2,809
Hawaii						
Total	1,414,103	4,344,812	281,687	2,007,645	166,722	238,658
Under \$10,000 ²	297,301	442,737	37,372	99,756	37,586	52,457
\$10,000 under \$15,000	148,353	401,112	22,082	31,552	27,624	39,808
\$15,000 under \$30,000	364,473	967,384	61,947	114,427	51,947	77,607
\$30,000 under \$50,000	342,983	832,963	66,805	164,988	38,469	53,173
\$50,000 or more	260,993	1,700,616	93,481	1,596,922	11,096	15,613
Montana						
Total	234,650	676,809	62,087	458,696	23,879	36,773
Under \$10,000 ²	63,373	86,478	13,060	33,173	5,137	6,504
\$10,000 under \$15,000	27,750	62,897	6,208	11,184	3,879	6,060
\$15,000 under \$30,000	64,798	156,218	15,714	40,492	9,214	15,253
\$30,000 under \$50,000	51,598	137,989	14,113	51,488	4,804	7,602
\$50,000 or more	27,131	233,227	12,992	322,359	845	1,354
Nebraska						
Total	496,410	1,425,757	106,486	721,049	26,558	33,245
Under \$10,000 ²	122,376	159,170	16,350	37,862	6,114	7,216
\$10,000 under \$15,000	54,149	140,654	9,574	17,093	4,621	5,862
\$15,000 under \$30,000	133,803	337,076	26,370	64,594	9,604	12,473
\$30,000 under \$50,000	115,172	297,867	25,723	81,920	5,208	6,344
\$50,000 or more	70,910	490,990	28,469	519,580	1,011	1,350
Nevada						
Total	302,569	1,197,441	65,634	1,133,331	33,763	54,116
Under \$10,000 ²	49,312	83,776	7,497	36,126	5,515	8,706
\$10,000 under \$15,000	29,709	58,075	4,353	2,728	5,159	8,537
\$15,000 under \$30,000	80,849	170,099	13,322	20,853	10,805	18,300
\$30,000 under \$50,000	76,447	171,079	15,179	47,954	8,751	13,175
\$50,000 or more	66,252	714,412	25,283	1,025,670	3,533	5,398
New Hampshire						
Total	397,170	1,092,120	64,457	1,011,381	29,461	47,183
Under \$10,000 ²	74,488	100,081	6,926	23,019	2,825	4,165
\$10,000 under \$15,000	33,409	73,029	3,470	5,982	3,941	5,217
\$15,000 under \$30,000	100,280	196,975	11,203	25,747	10,075	15,589
\$30,000 under \$50,000	100,216	207,806	14,584	48,088	8,817	14,237
\$50,000 or more	88,777	514,229	28,274	908,545	3,803	7,975
New Jersey						
Total	2,717,645	9,043,112	470,388	5,566,658	249,533	602,189
Under \$10,000 ²	494,876	726,585	50,930	148,034	37,190	77,589
\$10,000 under \$15,000	222,443	554,589	22,510	16,265	37,152	88,623
\$15,000 under \$30,000	637,300	1,500,148	69,961	84,833	74,275	192,057
\$30,000 under \$50,000	623,057	1,565,205	93,761	192,783	59,888	144,077
\$50,000 or more	739,969	4,696,585	233,226	5,124,743	41,028	99,843
New Mexico						
Total	343,237	936,294	70,858	521,010	32,994	56,759
Under \$10,000 ²	74,385	99,741	10,072	28,017	10,301	16,380
\$10,000 under \$15,000	37,479	72,021	5,297	5,473	6,296	11,388
\$15,000 under \$30,000	93,379	192,657	15,211	24,476	10,588	18,899
\$30,000 under \$50,000	79,101	185,970	16,782	43,063	4,564	7,794
\$50,000 or more	58,893	385,905	23,496	419,981	1,245	2,298
New York						
Total	5,676,244	20,934,790	969,020	13,987,476	516,745	1,100,131
Under \$10,000 ²	1,073,456	1,849,500	108,757	468,570	91,675	161,256
\$10,000 under \$15,000	530,897	1,284,769	54,853	46,619	79,834	165,480
\$15,000 under \$30,000	1,451,324	3,361,014	163,312	229,251	163,326	375,149
\$30,000 under \$50,000	1,311,714	3,331,237	206,002	433,788	116,458	250,518
\$50,000 or more	1,308,853	11,108,270	436,096	12,809,248	65,452	147,728
North Carolina						
Total	1,624,263	4,109,207	282,383	3,745,507	192,968	199,481
Under \$10,000 ²	294,157	379,903	30,046	90,675	37,703	36,810
\$10,000 under \$15,000	167,441	305,060	16,810	28,658	38,303	35,926
\$15,000 under \$30,000	434,802	770,202	52,161	118,166	68,064	70,751
\$30,000 under \$50,000	406,484	737,516	65,105	216,829	40,918	43,732
\$50,000 or more	321,379	1,916,526	118,261	3,291,179	7,980	12,262
North Dakota						
Total	199,745	543,823	44,042	196,849	16,970	28,407
Under \$10,000 ²	54,240	64,395	8,337	18,669	2,863	3,575
\$10,000 under \$15,000	23,969	58,340	4,761	10,085	2,663	4,030
\$15,000 under \$30,000	55,001	146,234	11,980	34,714	7,024	12,469
\$30,000 under \$50,000	43,570	120,280	9,921	36,430	3,771	7,095
\$50,000 or more	22,965	154,574	9,043	96,951	649	1,238

See notes following Table 20.

Selected Historical Data

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Table 2. (Continued)—Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989

[Money amounts are in thousands of dollars except where indicated]

State	Itemized deductions			Tax liability			Earned income credit	
	Number of returns	Amount	Average	Number of returns	Amount	Average	Number of returns	Amount
	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
Minnesota								
Total.....	708,931	8,784,435	12,391	1,744,696	7,643,841	4,381	125,594	65,011
Under \$10,000 ²	20,564	201,260	9,787	347,101	114,020	328	47,158	31,073
\$10,000 under \$15,000.....	23,037	186,346	8,089	208,793	197,985	948	39,925	25,784
\$15,000 under \$30,000.....	136,171	1,054,808	7,746	502,967	1,072,287	2,132	38,511	8,154
\$30,000 under \$50,000.....	264,708	2,443,973	9,233	403,459	1,764,979	4,375	—	—
\$50,000 or more.....	264,451	4,898,048	18,522	282,376	4,494,570	15,917	—	—
Mississippi								
Total.....	194,861	2,067,816	10,612	724,282	2,432,710	3,359	243,878	147,891
Under \$10,000 ²	6,672	56,469	8,464	138,407	47,932	346	133,963	90,964
\$10,000 under \$15,000.....	7,867	88,855	11,295	124,693	92,833	744	69,099	47,675
\$15,000 under \$30,000.....	43,438	328,567	7,564	237,361	439,265	1,851	40,816	9,252
\$30,000 under \$50,000.....	71,876	613,673	8,538	145,837	626,034	4,293	—	—
\$50,000 or more.....	65,008	980,253	15,079	77,984	1,226,646	15,729	—	—
Missouri								
Total.....	572,963	6,362,875	11,105	1,886,457	8,124,863	4,307	244,393	134,914
Under \$10,000 ²	17,086	169,088	9,896	359,035	120,890	337	105,232	70,296
\$10,000 under \$15,000.....	19,378	158,741	8,192	259,821	225,975	870	76,760	51,014
\$15,000 under \$30,000.....	103,838	777,821	7,491	570,961	1,169,278	2,048	62,401	13,603
\$30,000 under \$50,000.....	205,041	1,731,149	8,443	420,000	1,910,680	4,549	—	—
\$50,000 or more.....	227,620	3,526,076	15,491	276,640	4,698,040	16,983	—	—
Montana								
Total.....	94,855	987,426	10,410	277,896	979,812	3,526	40,760	22,157
Under \$10,000 ²	6,497	51,409	7,913	62,384	21,917	351	18,138	11,772
\$10,000 under \$15,000.....	5,660	39,094	6,907	40,353	34,828	863	12,606	8,213
\$15,000 under \$30,000.....	24,538	177,424	7,231	87,527	173,513	1,982	10,016	2,172
\$30,000 under \$50,000.....	34,629	298,491	8,620	59,312	258,730	4,362	—	—
\$50,000 or more.....	23,531	421,008	17,892	28,320	490,824	17,331	—	—
Nebraska								
Total.....	177,546	1,942,222	10,939	609,210	2,349,704	3,857	65,244	34,740
Under \$10,000 ²	6,675	62,500	9,363	131,648	43,486	330	25,611	17,147
\$10,000 under \$15,000.....	7,588	64,340	8,479	83,320	76,614	920	20,815	13,546
\$15,000 under \$30,000.....	36,581	275,594	7,534	187,249	385,170	2,057	18,818	4,047
\$30,000 under \$50,000.....	66,205	565,062	8,535	133,200	593,622	4,457	—	—
\$50,000 or more.....	60,497	974,726	16,112	73,793	1,250,812	16,950	—	—
Nevada								
Total.....	160,911	2,024,628	12,582	489,002	2,562,153	5,240	54,497	30,168
Under \$10,000 ²	6,772	70,244	10,373	76,760	29,074	379	20,386	14,350
\$10,000 under \$15,000.....	7,197	56,224	7,812	72,347	65,698	908	18,880	12,403
\$15,000 under \$30,000.....	35,196	290,789	8,262	157,497	323,943	2,057	15,231	3,415
\$30,000 under \$50,000.....	54,107	526,017	9,722	108,372	496,067	4,577	—	—
\$50,000 or more.....	57,639	1,081,354	18,761	74,026	1,647,371	22,254	—	—
New Hampshire								
Total.....	176,576	2,293,260	12,987	487,507	2,463,818	5,054	31,858	16,469
Under \$10,000 ²	6,298	78,060	12,394	82,074	28,506	347	11,071	7,535
\$10,000 under \$15,000.....	5,607	54,115	9,651	54,656	53,754	983	10,384	6,686
\$15,000 under \$30,000.....	29,710	265,130	8,924	144,055	316,340	2,196	10,403	2,248
\$30,000 under \$50,000.....	58,968	604,995	10,260	115,296	525,238	4,556	—	—
\$50,000 or more.....	75,993	1,290,960	16,988	91,426	1,539,980	16,844	—	—
New Jersey								
Total.....	1,378,967	21,044,346	15,261	3,370,562	20,772,127	6,163	271,824	147,271
Under \$10,000 ²	37,977	432,792	11,396	541,712	186,871	345	102,399	70,193
\$10,000 under \$15,000.....	44,044	428,582	9,731	363,840	336,444	925	91,791	60,147
\$15,000 under \$30,000.....	211,893	1,997,467	9,427	948,340	2,086,771	2,200	77,634	16,931
\$30,000 under \$50,000.....	397,581	4,157,332	10,457	737,704	3,541,068	4,800	—	—
\$50,000 or more.....	687,472	14,028,173	20,405	778,966	14,620,973	18,770	—	—
New Mexico								
Total.....	153,097	1,749,381	11,427	487,895	1,772,913	3,634	112,334	63,871
Under \$10,000 ²	6,906	61,827	8,953	94,571	33,861	358	56,311	36,886
\$10,000 under \$15,000.....	6,722	50,621	7,531	72,925	59,770	820	32,420	21,725
\$15,000 under \$30,000.....	34,450	267,765	7,773	157,094	295,840	1,883	23,603	5,260
\$30,000 under \$50,000.....	52,526	488,493	9,300	100,470	434,983	4,329	—	—
\$50,000 or more.....	52,493	880,675	16,777	62,835	948,459	15,094	—	—
New York								
Total.....	2,891,307	46,494,440	16,081	7,034,284	40,309,232	5,730	745,760	408,300
Under \$10,000 ²	75,876	1,135,886	14,970	1,180,653	420,817	356	297,736	205,632
\$10,000 under \$15,000.....	90,930	816,546	8,980	845,437	765,029	905	239,444	157,943
\$15,000 under \$30,000.....	507,476	4,313,976	8,501	2,128,927	4,490,367	2,109	208,580	44,725
\$30,000 under \$50,000.....	944,771	9,314,985	9,860	1,519,732	7,097,947	4,671	—	—
\$50,000 or more.....	1,272,254	30,913,047	24,298	1,359,535	27,535,072	20,253	—	—
North Carolina								
Total.....	840,790	9,926,604	11,806	2,476,455	9,997,525	4,037	414,663	238,623
Under \$10,000 ²	25,012	213,332	8,529	442,960	152,500	344	171,825	120,480
\$10,000 under \$15,000.....	31,007	258,756	8,345	397,602	339,483	854	143,505	95,651
\$15,000 under \$30,000.....	173,185	1,337,227	7,721	776,558	1,531,236	1,972	99,333	22,492
\$30,000 under \$50,000.....	301,867	2,719,022	9,007	519,147	2,253,468	4,341	—	—
\$50,000 or more.....	309,719	5,398,267	17,430	340,188	5,720,838	16,817	—	—
North Dakota								
Total.....	55,465	616,722	11,119	234,396	799,317	3,410	27,189	14,211
Under \$10,000 ²	3,091	98,783	31,958	55,074	18,920	344	10,654	6,929
\$10,000 under \$15,000.....	2,886	25,715	8,910	33,488	30,677	916	8,760	5,599
\$15,000 under \$30,000.....	11,969	88,553	7,399	72,471	149,926	2,069	7,775	1,683
\$30,000 under \$50,000.....	20,510	169,134	8,246	49,469	225,717	4,563	—	—
\$50,000 or more.....	17,009	234,537	13,789	23,894	374,077	15,656	—	—

See notes following Table 20.

Selected Historical Data

Table 2. (Continued)—Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989

[Money amounts are in thousands of dollars, except where indicated]

State	Number of returns	Number of exemptions	Adjusted gross income (AGI)	Salaries and wages		Dividends	
				Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Ohio							
Total.....	5,016,684	10,463,468	133,501,983	4,265,924	103,082,034	1,097,090	3,158,925
Under \$10,000 ²	1,494,792	1,710,755	6,016,231	1,165,952	5,103,061	150,612	162,324
\$10,000 under \$15,000.....	605,914	1,178,793	7,536,011	472,622	5,325,020	84,400	129,383
\$15,000 under \$30,000.....	1,351,275	2,957,697	29,421,002	1,179,259	23,733,019	241,764	405,037
\$30,000 under \$50,000.....	991,107	2,780,362	38,366,398	923,899	32,962,547	300,843	494,490
\$50,000 or more.....	573,596	1,835,861	52,162,341	524,192	35,958,387	319,471	1,967,691
Oklahoma							
Total.....	1,298,190	2,984,123	31,060,146	1,058,803	23,433,786	206,604	573,208
Under \$10,000 ²	429,681	624,608	1,007,801	322,698	1,516,336	26,986	32,868
\$10,000 under \$15,000.....	169,219	384,753	2,103,879	132,499	1,526,825	14,773	21,762
\$15,000 under \$30,000.....	338,914	878,246	7,343,441	285,512	5,726,815	45,111	69,753
\$30,000 under \$50,000.....	225,444	671,401	8,697,703	201,608	7,077,656	55,940	86,082
\$50,000 or more.....	134,932	425,115	11,907,322	116,486	7,586,154	63,793	362,743
Oregon							
Total.....	1,271,165	2,801,940	33,361,153	1,033,152	23,695,715	261,670	790,389
Under \$10,000 ²	396,784	525,729	1,385,744	298,312	1,380,353	41,232	52,402
\$10,000 under \$15,000.....	156,288	328,659	1,941,063	117,831	1,325,444	22,721	42,143
\$15,000 under \$30,000.....	332,396	793,088	7,247,783	277,240	5,523,748	60,569	121,206
\$30,000 under \$50,000.....	238,692	695,522	9,217,722	213,283	7,412,370	64,242	135,212
\$50,000 or more.....	147,005	458,942	13,568,841	126,486	8,053,800	72,906	439,426
Pennsylvania							
Total.....	5,505,648	11,562,397	153,471,041	4,542,699	114,491,429	1,271,700	4,343,961
Under \$10,000 ²	1,620,992	1,882,006	6,140,255	1,180,869	5,120,926	202,250	237,732
\$10,000 under \$15,000.....	675,941	1,333,628	8,411,146	511,374	5,721,125	105,942	194,461
\$15,000 under \$30,000.....	1,450,585	3,194,026	31,553,952	1,245,430	24,847,174	276,652	565,337
\$30,000 under \$50,000.....	1,060,373	2,974,124	41,029,578	976,110	34,565,249	310,292	665,445
\$50,000 or more.....	697,757	2,178,613	66,336,110	628,916	44,236,955	376,564	2,680,986
Rhode Island							
Total.....	476,028	950,613	13,698,028	408,138	10,299,501	103,585	326,394
Under \$10,000 ²	130,289	133,103	444,192	101,802	473,817	14,498	13,751
\$10,000 under \$15,000.....	58,874	105,063	734,979	47,709	542,747	8,377	11,641
\$15,000 under \$30,000.....	128,073	258,865	2,775,080	112,593	2,238,812	23,024	36,155
\$30,000 under \$50,000.....	93,596	254,040	3,634,644	86,670	3,046,867	25,771	46,463
\$50,000 or more.....	65,196	199,542	6,109,133	59,364	3,997,258	31,915	218,384
South Carolina							
Total.....	1,512,913	3,272,026	36,548,640	1,346,987	28,869,734	222,995	663,024
Under \$10,000 ²	488,675	638,911	1,933,821	418,757	1,976,462	27,155	30,631
\$10,000 under \$15,000.....	216,419	444,986	2,693,047	190,925	2,252,939	14,193	22,719
\$15,000 under \$30,000.....	396,269	942,500	8,488,237	358,940	7,164,875	46,144	78,025
\$30,000 under \$50,000.....	254,876	747,570	9,861,143	237,043	8,356,534	58,643	103,753
\$50,000 or more.....	156,674	498,059	13,572,392	141,322	9,118,924	76,860	427,896
South Dakota							
Total.....	305,055	695,086	6,490,108	240,714	4,427,893	59,671	137,220
Under \$10,000 ²	108,642	141,295	252,497	80,721	349,925	11,364	11,365
\$10,000 under \$15,000.....	41,687	91,802	517,844	31,564	348,803	6,163	8,739
\$15,000 under \$30,000.....	81,687	222,507	1,770,077	66,827	1,265,273	15,926	25,185
\$30,000 under \$50,000.....	50,602	164,576	1,932,013	43,684	1,425,700	14,652	25,063
\$50,000 or more.....	22,437	74,906	2,017,677	17,918	1,038,192	11,566	66,868
Tennessee							
Total.....	2,134,316	4,635,192	53,532,681	1,859,366	41,995,450	300,674	938,355
Under \$10,000 ²	691,769	937,085	2,519,422	566,173	2,645,142	40,016	46,989
\$10,000 under \$15,000.....	289,870	606,328	3,604,044	245,552	2,849,657	20,919	30,675
\$15,000 under \$30,000.....	561,895	1,340,405	12,124,238	504,431	10,177,878	62,721	94,202
\$30,000 under \$50,000.....	366,741	1,050,843	14,137,616	341,307	12,176,746	76,384	116,823
\$50,000 or more.....	224,041	700,531	21,147,361	201,903	14,146,027	100,634	649,666
Texas							
Total.....	7,237,421	16,646,156	191,165,391	6,165,485	147,696,706	1,101,153	3,943,005
Under \$10,000 ²	2,433,435	3,649,377	4,554,863	1,926,350	9,145,573	136,875	213,705
\$10,000 under \$15,000.....	921,163	2,150,587	11,421,613	777,600	9,051,817	63,821	102,394
\$15,000 under \$30,000.....	1,755,143	4,439,240	37,977,897	1,543,765	31,297,474	204,166	346,489
\$30,000 under \$50,000.....	1,193,619	3,464,171	46,262,302	1,087,083	38,746,701	270,080	471,876
\$50,000 or more.....	934,061	2,942,781	90,948,716	830,687	59,455,141	426,211	2,808,541
Utah							
Total.....	661,441	1,682,324	16,766,778	565,235	13,159,608	111,331	295,322
Under \$10,000 ²	212,005	238,522	610,961	169,245	758,512	16,227	18,172
\$10,000 under \$15,000.....	74,773	167,923	929,277	59,708	688,144	8,498	13,032
\$15,000 under \$30,000.....	165,652	477,892	3,640,606	143,070	2,905,020	25,096	39,022
\$30,000 under \$50,000.....	135,258	508,276	5,231,280	126,018	4,478,449	30,523	47,125
\$50,000 or more.....	73,753	289,711	6,354,654	67,194	4,329,483	30,987	177,971
Vermont							
Total.....	267,517	553,456	7,102,811	226,475	5,180,246	62,526	236,372
Under \$10,000 ²	77,945	86,043	297,361	59,374	271,085	10,145	12,804
\$10,000 under \$15,000.....	33,806	61,593	422,317	27,740	312,234	5,095	9,923
\$15,000 under \$30,000.....	72,774	158,657	1,578,235	64,075	1,262,056	13,598	30,790
\$30,000 under \$50,000.....	51,055	146,713	1,973,917	47,096	1,626,072	15,555	36,779
\$50,000 or more.....	31,937	100,450	2,830,981	28,190	1,708,799	18,133	146,076
Virginia							
Total.....	2,863,544	5,953,357	88,219,678	2,500,165	68,407,640	609,986	1,875,949
Under \$10,000 ²	764,668	830,900	2,839,468	617,140	2,915,857	71,903	80,357
\$10,000 under \$15,000.....	336,132	626,015	4,185,673	285,926	3,345,408	31,905	49,654
\$15,000 under \$30,000.....	729,172	1,564,181	15,904,071	651,270	13,305,540	105,305	174,048
\$30,000 under \$50,000.....	548,032	1,454,234	21,313,265	503,815	18,005,744	149,426	261,017
\$50,000 or more.....	485,540	1,478,027	43,977,201	442,014	30,835,091	251,447	1,310,873

See notes following Table 20.

Table 2. (Continued)—Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989

(Money amounts are in thousands of dollars, except where indicated)

State	Interest		Sales of capital assets Net gain less loss		Unemployment compensation	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(8)	(9)	(10)	(11)	(12)	(13)
Ohio						
Total	3,185,756	7,860,317	489,620	3,806,327	299,082	532,890
Under \$10,000 ²	662,854	826,067	56,850	107,454	46,794	73,296
\$10,000 under \$15,000	322,074	738,643	32,387	34,080	43,203	79,291
\$15,000 under \$30,000	855,510	1,785,443	100,252	155,259	99,242	200,038
\$30,000 under \$50,000	805,468	1,553,131	122,976	279,165	84,231	140,052
\$50,000 or more	539,850	2,957,033	177,155	3,230,369	25,612	40,213
Oklahoma						
Total	711,017	2,250,906	133,468	825,451	58,583	97,307
Under \$10,000 ²	147,937	232,058	19,209	69,174	12,756	20,552
\$10,000 under \$15,000	73,836	186,168	10,451	12,588	10,430	17,643
\$15,000 under \$30,000	191,828	474,040	29,297	44,445	21,517	35,589
\$30,000 under \$50,000	172,674	424,077	31,660	62,611	10,879	18,181
\$50,000 or more	124,742	934,563	42,851	636,633	3,001	5,342
Oregon						
Total	815,600	2,372,014	193,573	1,639,527	102,250	176,107
Under \$10,000 ²	174,868	252,544	26,957	70,970	19,248	26,536
\$10,000 under \$15,000	84,661	216,244	16,180	19,901	15,877	27,021
\$15,000 under \$30,000	217,099	518,404	44,259	91,014	36,566	67,342
\$30,000 under \$50,000	198,745	457,278	46,020	153,141	23,869	42,122
\$50,000 or more	140,227	927,544	60,157	1,304,501	6,690	13,086
Pennsylvania						
Total	3,778,289	9,864,203	550,483	5,235,294	423,189	913,099
Under \$10,000 ²	813,845	1,108,166	68,464	177,847	66,847	110,464
\$10,000 under \$15,000	396,739	924,659	37,606	37,461	64,861	130,935
\$15,000 under \$30,000	993,142	2,130,735	107,343	185,236	149,843	354,739
\$30,000 under \$50,000	906,730	1,844,556	124,956	330,591	108,575	237,889
\$50,000 or more	667,833	3,856,087	212,114	4,504,159	33,063	79,072
Rhode Island						
Total	326,075	956,825	45,557	523,219	44,628	98,262
Under \$10,000 ²	62,423	85,618	4,826	16,339	6,323	11,230
\$10,000 under \$15,000	32,992	77,091	2,578	2,958	7,098	14,626
\$15,000 under \$30,000	87,257	200,254	8,308	14,250	14,421	34,125
\$30,000 under \$50,000	80,748	190,629	10,630	30,487	12,165	26,966
\$50,000 or more	62,655	403,233	19,215	459,185	4,621	11,315
South Carolina						
Total	747,703	1,814,312	126,742	1,215,244	88,086	95,692
Under \$10,000 ²	132,089	174,506	13,592	45,059	23,162	25,491
\$10,000 under \$15,000	74,851	135,066	7,385	9,973	17,782	18,785
\$15,000 under \$30,000	203,828	358,573	23,920	47,122	27,299	28,683
\$30,000 under \$50,000	191,390	348,527	30,708	85,228	16,299	17,797
\$50,000 or more	145,545	797,640	51,137	1,027,862	3,544	4,936
South Dakota						
Total	203,263	577,478	55,126	304,260	9,685	13,243
Under \$10,000 ²	56,482	73,179	10,430	25,010	2,033	2,711
\$10,000 under \$15,000	24,887	61,706	6,211	15,237	1,849	2,378
\$15,000 under \$30,000	57,307	148,580	15,547	50,501	3,771	5,252
\$30,000 under \$50,000	43,131	118,691	12,586	58,791	1,760	2,434
\$50,000 or more	21,456	175,322	10,352	154,721	272	468
Tennessee						
Total	1,117,257	3,242,523	176,409	2,033,822	165,716	192,928
Under \$10,000 ²	218,595	334,948	21,172	93,798	40,915	45,174
\$10,000 under \$15,000	115,526	264,173	11,691	17,402	30,030	34,714
\$15,000 under \$30,000	298,842	646,323	34,851	70,859	56,614	66,582
\$30,000 under \$50,000	276,949	587,093	40,455	115,770	31,054	35,983
\$50,000 or more	207,345	1,409,986	68,240	1,735,993	7,103	10,475
Texas						
Total	3,705,310	13,626,034	731,059	8,318,423	335,946	636,992
Under \$10,000 ²	729,420	1,453,198	88,491	892,388	83,207	126,421
\$10,000 under \$15,000	340,011	781,484	42,824	44,941	59,079	114,210
\$15,000 under \$30,000	904,768	2,118,260	129,877	180,326	105,706	213,003
\$30,000 under \$50,000	878,976	2,192,416	162,760	305,012	61,587	125,232
\$50,000 or more	852,135	7,080,676	307,107	6,895,756	26,367	58,126
Utah						
Total	421,427	843,455	78,618	514,940	31,963	53,299
Under \$10,000 ²	91,934	95,989	11,310	30,867	5,300	7,216
\$10,000 under \$15,000	40,512	71,169	5,813	5,709	4,913	8,028
\$15,000 under \$30,000	109,184	181,848	17,283	27,027	11,646	20,587
\$30,000 under \$50,000	110,863	162,156	19,964	39,361	8,155	13,988
\$50,000 or more	68,934	332,293	24,248	411,976	1,949	3,480
Vermont						
Total	184,622	469,374	35,240	374,248	17,499	26,728
Under \$10,000 ²	40,487	50,379	4,806	12,933	3,159	4,563
\$10,000 under \$15,000	18,973	39,257	2,553	5,572	3,490	5,511
\$15,000 under \$30,000	49,892	98,220	7,298	22,543	6,243	9,557
\$30,000 under \$50,000	44,287	91,106	8,207	37,024	3,819	5,682
\$50,000 or more	30,983	190,412	12,376	296,176	788	1,415
Virginia						
Total	1,712,486	4,719,543	308,875	3,440,063	129,830	131,762
Under \$10,000 ²	286,207	398,014	29,078	158,577	21,939	21,562
\$10,000 under \$15,000	141,112	279,312	14,026	23,244	23,711	22,509
\$15,000 under \$30,000	407,189	754,911	47,000	96,125	46,716	46,613
\$30,000 under \$50,000	424,634	830,131	67,176	178,751	28,938	28,701
\$50,000 or more	453,344	2,457,175	151,595	2,983,366	8,526	12,377

See notes following Table 20.

Selected Historical Data

Table 2. (Continued)—Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989

[Money amounts are in thousands of dollars, except where indicated]

State	Itemized deductions			Tax liability			Earned income credit	
	Number of returns	Amount	Average	Number of returns	Amount	Average	Number of returns	Amount
	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
Ohio								
Total.....	1,372,099	15,000,191	10,932	4,241,782	17,740,229	4,182	417,877	224,178
Under \$10,000 ²	30,947	398,500	12,877	777,571	253,822	326	176,347	115,625
\$10,000 under \$15,000.....	40,280	285,658	7,092	560,431	507,038	905	127,371	84,087
\$15,000 under \$30,000.....	292,773	1,855,538	6,338	1,340,161	2,870,549	2,142	114,159	24,466
\$30,000 under \$50,000.....	520,457	4,267,648	8,200	990,274	4,577,676	4,623	—	—
\$50,000 or more.....	487,642	8,192,847	16,801	573,345	9,531,144	16,624	—	—
Oklahoma								
Total.....	354,617	3,855,376	10,872	1,034,084	4,012,707	3,880	178,748	100,317
Under \$10,000 ²	15,803	160,250	10,140	192,990	71,817	372	80,970	54,912
\$10,000 under \$15,000.....	15,422	119,713	7,762	147,083	123,778	842	54,489	35,934
\$15,000 under \$30,000.....	79,451	598,867	7,538	334,079	650,422	1,947	43,289	9,471
\$30,000 under \$50,000.....	127,540	1,108,930	8,695	225,101	988,355	4,391	—	—
\$50,000 or more.....	116,401	1,867,616	16,045	134,831	2,178,335	16,156	—	—
Oregon								
Total.....	442,707	5,103,137	11,527	1,045,128	4,327,740	4,141	117,817	64,260
Under \$10,000 ²	22,797	184,373	8,088	193,075	66,627	345	51,087	34,188
\$10,000 under \$15,000.....	21,702	159,058	7,329	139,310	123,030	883	35,653	23,378
\$15,000 under \$30,000.....	99,740	759,905	7,619	327,541	665,468	2,032	31,077	6,694
\$30,000 under \$50,000.....	161,134	1,494,458	9,275	238,311	1,030,508	4,324	—	—
\$50,000 or more.....	137,334	2,505,343	18,243	146,891	2,442,107	16,625	—	—
Pennsylvania								
Total.....	1,401,642	16,317,849	11,642	4,668,592	21,436,086	4,592	427,130	227,340
Under \$10,000 ²	34,417	377,431	10,966	848,807	276,290	326	164,390	109,553
\$10,000 under \$15,000.....	41,802	409,524	9,797	626,369	561,693	897	138,549	91,081
\$15,000 under \$30,000.....	248,370	1,923,369	7,744	1,437,128	3,050,772	2,123	124,191	26,706
\$30,000 under \$50,000.....	503,613	4,355,150	8,648	1,058,928	4,859,706	4,589	—	—
\$50,000 or more.....	573,440	9,252,375	16,135	697,360	12,687,625	18,194	—	—
Rhode Island								
Total.....	139,428	1,817,124	13,033	414,698	1,884,733	4,545	33,649	18,018
Under \$10,000 ²	3,712	38,082	10,259	74,239	25,925	349	12,837	8,590
\$10,000 under \$15,000.....	4,353	44,716	10,272	55,191	52,214	946	11,192	7,314
\$15,000 under \$30,000.....	24,038	200,710	8,350	126,720	273,688	2,160	9,620	2,114
\$30,000 under \$50,000.....	49,801	478,297	9,604	93,416	424,232	4,541	—	—
\$50,000 or more.....	57,524	1,055,319	18,346	65,132	1,108,674	17,022	—	—
South Carolina								
Total.....	412,828	4,974,453	12,050	1,205,268	4,410,133	3,659	238,564	139,108
Under \$10,000 ²	11,230	117,860	10,495	213,041	72,963	342	107,538	75,067
\$10,000 under \$15,000.....	15,320	119,365	7,791	191,430	160,164	837	76,764	51,770
\$15,000 under \$30,000.....	91,750	746,660	8,138	390,108	748,792	1,919	54,262	12,271
\$30,000 under \$50,000.....	151,659	1,432,019	9,442	254,263	1,081,733	4,254	—	—
\$50,000 or more.....	142,869	2,558,549	17,908	156,426	2,346,481	15,001	—	—
South Dakota								
Total.....	46,987	454,840	9,680	249,104	858,626	3,447	33,534	17,841
Under \$10,000 ²	2,645	22,543	8,523	58,440	19,546	334	13,605	8,917
\$10,000 under \$15,000.....	2,584	25,756	9,967	37,419	33,754	902	10,716	6,927
\$15,000 under \$30,000.....	11,257	84,368	7,495	80,298	163,367	2,035	9,213	1,997
\$30,000 under \$50,000.....	17,296	141,136	8,160	50,516	228,503	4,523	—	—
\$50,000 or more.....	13,205	181,037	13,710	22,431	413,456	18,432	—	—
Tennessee								
Total.....	417,297	4,594,687	11,011	1,721,749	7,222,309	4,195	309,643	176,004
Under \$10,000 ²	13,908	142,337	10,234	315,489	111,142	352	141,613	95,850
\$10,000 under \$15,000.....	16,049	126,717	7,896	259,859	217,869	838	95,250	63,892
\$15,000 under \$30,000.....	83,554	635,915	7,611	556,109	1,103,711	1,985	72,780	16,262
\$30,000 under \$50,000.....	141,936	1,214,093	8,554	366,378	1,648,770	4,500	—	—
\$50,000 or more.....	161,850	2,475,625	15,296	223,914	4,140,817	18,493	—	—
Texas								
Total.....	1,553,908	19,623,358	12,628	5,642,172	27,691,583	4,908	1,127,639	655,010
Under \$10,000 ²	62,057	923,090	14,875	1,027,326	382,990	373	544,296	370,898
\$10,000 under \$15,000.....	53,057	437,737	8,250	768,763	648,475	844	342,240	230,391
\$15,000 under \$30,000.....	269,673	2,318,925	8,599	1,721,191	3,420,365	1,987	241,103	53,721
\$30,000 under \$50,000.....	482,831	4,413,395	9,141	1,191,682	5,498,032	4,614	—	—
\$50,000 or more.....	686,290	11,530,211	16,801	933,210	17,741,721	19,011	—	—
Utah								
Total.....	242,323	2,823,218	11,651	542,724	1,932,021	3,560	65,817	35,223
Under \$10,000 ²	9,542	75,496	7,912	107,519	34,701	323	25,560	17,414
\$10,000 under \$15,000.....	9,026	64,162	7,109	65,416	55,487	848	21,057	13,707
\$15,000 under \$30,000.....	56,353	442,317	7,849	161,213	298,094	1,849	19,200	4,102
\$30,000 under \$50,000.....	98,758	977,880	9,902	134,886	510,894	3,788	—	—
\$50,000 or more.....	68,644	1,263,363	18,405	73,690	1,032,845	14,016	—	—
Vermont								
Total.....	74,675	885,331	11,856	231,335	935,899	4,046	20,463	10,616
Under \$10,000 ²	2,898	28,856	9,957	44,859	15,895	354	7,598	4,936
\$10,000 under \$15,000.....	2,704	21,298	7,876	31,597	30,783	974	6,691	4,343
\$15,000 under \$30,000.....	14,572	115,901	7,954	72,024	153,660	2,133	6,174	1,337
\$30,000 under \$50,000.....	26,618	240,367	9,030	50,951	227,979	4,474	—	—
\$50,000 or more.....	27,883	478,910	17,176	31,904	507,582	15,910	—	—
Virginia								
Total.....	953,331	13,214,423	13,861	2,464,438	12,066,852	4,896	253,093	141,159
Under \$10,000 ²	21,089	251,402	11,921	405,226	137,281	339	99,263	69,988
\$10,000 under \$15,000.....	25,379	209,545	8,257	306,830	276,620	902	84,672	56,050
\$15,000 under \$30,000.....	157,685	1,346,255	8,538	720,219	1,497,573	2,079	69,158	15,121
\$30,000 under \$50,000.....	311,600	3,134,374	10,059	546,953	2,454,630	4,488	—	—
\$50,000 or more.....	437,578	8,272,847	18,906	485,210	7,700,748	15,871	—	—

See notes following Table 20.

Table 2. (Continued)—Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989

[Money amounts are in thousands of dollars, except where indicated]

State	Number of returns	Number of exemptions	Adjusted gross income (AGI)	Salaries and wages		Dividends	
				Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Washington							
Total.....	2,232,220	4,797,608	65,106,425	1,865,141	47,962,200	482,238	1,535,117
Under \$10,000 ²	614,250	718,430	1,888,976	476,320	2,230,212	62,851	76,286
\$10,000 under \$15,000.....	258,803	502,940	3,216,888	202,375	2,317,414	34,748	62,182
\$15,000 under \$30,000.....	572,921	1,274,436	12,524,482	483,284	9,791,655	102,143	195,922
\$30,000 under \$50,000.....	459,004	1,289,595	17,829,014	414,267	14,669,850	123,534	241,007
\$50,000 or more.....	327,242	1,012,207	29,647,065	288,895	18,953,069	158,962	959,720
West Virginia							
Total.....	688,409	1,581,656	16,192,043	573,534	12,310,437	122,363	356,654
Under \$10,000 ²	227,875	329,934	996,185	174,369	765,922	17,246	18,253
\$10,000 under \$15,000.....	93,825	213,705	1,163,644	71,135	796,515	10,852	16,539
\$15,000 under \$30,000.....	176,039	454,038	3,810,550	151,865	2,990,908	26,881	48,688
\$30,000 under \$50,000.....	126,558	380,088	4,897,359	118,052	4,209,199	33,669	57,324
\$50,000 or more.....	64,112	203,891	5,324,305	57,513	3,547,893	33,715	215,850
Wisconsin							
Total.....	2,221,738	4,758,350	59,257,301	1,888,749	45,581,936	515,119	1,387,246
Under \$10,000 ²	674,369	743,137	2,551,245	523,933	2,302,119	83,415	84,843
\$10,000 under \$15,000.....	262,755	506,914	3,267,490	204,528	2,271,377	44,334	71,967
\$15,000 under \$30,000.....	556,170	1,259,182	12,158,209	482,969	9,565,542	113,650	201,334
\$30,000 under \$50,000.....	458,477	1,371,962	17,808,042	428,815	15,166,202	134,004	228,390
\$50,000 or more.....	269,967	877,155	23,472,315	248,504	16,276,696	139,716	800,712
Wyoming							
Total.....	200,074	460,360	5,220,416	168,695	3,790,418	43,208	149,769
Under \$10,000 ²	64,296	78,967	120,696	50,732	226,722	6,863	10,205
\$10,000 under \$15,000.....	22,782	48,711	283,383	18,166	204,919	3,387	5,902
\$15,000 under \$30,000.....	48,600	126,160	1,064,155	41,664	827,975	9,336	18,796
\$30,000 under \$50,000.....	41,208	129,439	1,607,623	37,802	1,348,456	11,926	23,808
\$50,000 or more.....	23,188	77,083	2,144,559	20,331	1,182,346	11,696	91,058
Other areas³							
Total.....	1,087,903	2,168,679	20,372,527	780,909	24,105,529	189,888	670,447
Under \$10,000 ²	504,269	701,178	- 87,284	260,726	4,043,086	54,028	64,498
\$10,000 under \$15,000.....	176,550	339,868	2,170,398	157,887	2,322,622	14,789	29,717
\$15,000 under \$30,000.....	225,621	600,469	4,721,030	200,746	4,902,823	38,758	75,324
\$30,000 under \$50,000.....	99,851	285,256	3,793,598	89,072	3,908,098	34,533	84,933
\$50,000 or more.....	81,612	241,908	9,774,785	72,478	8,928,900	47,780	415,975

See notes following Table 20.

Selected Historical Data

Table 2. (Continued)—Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989

(Money amounts are in thousands of dollars, except where indicated)

State	Interest		Sales of capital assets Net gain less loss		Unemployment compensation	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(8)	(9)	(10)	(11)	(12)	(13)
Washington						
Total.....	1,467,825	4,179,032	328,952	3,307,138	167,317	310,758
Under \$10,000 ²	270,689	364,621	36,048	170,065	27,725	43,152
\$10,000 under \$15,000.....	136,556	305,585	22,389	26,098	25,314	45,929
\$15,000 under \$30,000.....	372,376	816,582	67,261	123,641	56,651	111,953
\$30,000 under \$50,000.....	378,476	813,505	80,141	236,431	42,528	79,022
\$50,000 or more.....	309,728	1,878,739	123,113	2,750,903	15,099	30,702
West Virginia						
Total.....	403,069	970,719	52,690	348,529	59,044	99,011
Under \$10,000 ²	87,938	116,225	7,104	7,984	12,137	15,703
\$10,000 under \$15,000.....	48,375	116,164	4,240	5,355	9,382	15,314
\$15,000 under \$30,000.....	107,483	240,949	11,384	22,773	22,311	41,461
\$30,000 under \$50,000.....	99,750	187,721	12,709	33,957	12,690	21,909
\$50,000 or more.....	59,523	309,660	17,253	278,460	2,524	4,624
Wisconsin						
Total.....	1,643,275	3,713,038	302,495	1,880,722	189,991	304,235
Under \$10,000 ²	388,300	427,451	43,281	95,565	23,777	32,195
\$10,000 under \$15,000.....	168,386	376,995	25,584	44,872	26,204	41,459
\$15,000 under \$30,000.....	414,044	833,937	69,110	182,238	66,974	116,119
\$30,000 under \$50,000.....	410,837	705,699	73,702	251,186	57,048	89,100
\$50,000 or more.....	261,708	1,368,956	90,818	1,306,861	15,988	25,362
Wyoming						
Total.....	129,541	375,843	28,581	288,306	12,632	22,002
Under \$10,000 ²	30,357	38,816	4,592	13,853	2,244	3,115
\$10,000 under \$15,000.....	12,420	26,688	2,246	3,792	2,005	3,580
\$15,000 under \$30,000.....	31,654	68,523	6,363	13,479	5,120	9,565
\$30,000 under \$50,000.....	33,442	66,518	7,181	19,872	2,700	4,712
\$50,000 or more.....	21,668	175,298	8,199	237,310	563	1,030
Other areas³						
Total.....	538,410	1,718,765	123,783	1,212,979	9,219	21,573
Under \$10,000 ²	172,871	325,116	44,407	91,907	2,580	6,119
\$10,000 under \$15,000.....	76,156	115,566	8,526	17,406	1,462	3,492
\$15,000 under \$30,000.....	136,395	295,967	20,598	56,022	3,260	7,036
\$30,000 under \$50,000.....	78,952	266,398	18,036	76,476	1,258	2,959
\$50,000 or more.....	74,036	715,718	32,216	971,168	659	1,967

See notes following Table 20.

Selected Historical Data

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Table 2. (Continued)—Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989

[Money amounts are in thousands of dollars, except where indicated]

State	Itemized deductions			Tax liability			Earned income credit	
	Number of returns	Amount	Average	Number of returns	Amount	Average	Number of returns	Amount
	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
Washington								
Total.....	629,897	7,042,758	11,181	1,903,285	9,351,678	4,913	171,827	91,635
Under \$10,000 ²	22,476	304,901	13,566	317,155	119,640	377	70,571	46,564
\$10,000 under \$15,000.....	22,606	181,301	8,020	235,298	216,034	918	53,653	34,962
\$15,000 under \$30,000.....	115,585	911,223	7,884	565,449	1,206,451	2,134	47,603	10,109
\$30,000 under \$50,000.....	221,636	1,976,223	8,917	458,350	2,130,689	4,649	—	—
\$50,000 or more.....	247,594	3,669,110	14,819	327,033	5,678,864	17,365	—	—
West Virginia								
Total.....	107,611	1,235,078	11,477	551,750	1,996,890	3,619	90,383	49,810
Under \$10,000 ²	2,674	103,500	38,706	103,279	33,842	328	40,058	26,327
\$10,000 under \$15,000.....	3,105	24,589	7,919	83,220	66,612	800	27,842	18,547
\$15,000 under \$30,000.....	18,073	170,037	9,408	174,699	339,225	1,942	22,483	4,936
\$30,000 under \$50,000.....	40,102	323,569	8,069	126,463	566,465	4,479	—	—
\$50,000 or more.....	43,657	613,383	14,050	64,089	990,746	15,459	—	—
Wisconsin								
Total.....	695,735	7,646,538	10,991	1,911,996	7,645,959	3,999	153,100	81,364
Under \$10,000 ²	20,532	181,889	8,859	389,610	118,880	305	61,824	40,896
\$10,000 under \$15,000.....	22,692	172,690	7,610	244,294	222,853	912	47,799	31,157
\$15,000 under \$30,000.....	125,016	986,373	7,890	550,314	1,160,833	2,109	43,477	9,311
\$30,000 under \$50,000.....	280,622	2,410,177	8,589	457,905	1,999,681	4,367	—	—
\$50,000 or more.....	246,873	3,895,409	15,779	269,873	4,143,712	15,354	—	—
Wyoming								
Total.....	44,630	433,111	9,704	165,216	738,713	4,471	19,865	10,725
Under \$10,000 ²	2,061	17,948	8,708	32,516	10,720	330	8,306	5,532
\$10,000 under \$15,000.....	1,654	12,534	7,578	20,363	17,870	878	6,199	4,028
\$15,000 under \$30,000.....	8,667	63,859	7,368	47,988	97,184	2,025	5,360	1,165
\$30,000 under \$50,000.....	17,129	138,821	8,104	41,173	187,604	4,556	—	—
\$50,000 or more.....	15,119	199,949	13,225	23,176	425,335	18,352	—	—
Other areas³								
Total.....	182,421	1,863,103	10,213	770,592	2,581,596	3,350	47,642	22,754
Under \$10,000 ²	51,979	141,882	2,730	232,942	187,507	805	4,570	3,732
\$10,000 under \$15,000.....	15,544	79,001	5,082	151,499	133,402	881	22,725	14,293
\$15,000 under \$30,000.....	32,666	260,417	7,972	211,772	366,477	1,731	20,347	4,729
\$30,000 under \$50,000.....	30,968	304,014	9,817	94,306	414,379	4,394	—	—
\$50,000 or more.....	51,264	1,077,789	21,024	80,073	1,479,831	18,481	—	—

See notes following Table 20.

Selected Historical Data

Table 3.—Number of Individual Returns, Income, Tax, and Average Tax, By Size of Income, Tax Years 1985–1988

[All figures are estimates based on samples—money amounts are in thousands of dollars except as indicated]

Size of adjusted gross income	Number of returns for ¹		Adjusted gross income (AGI) ^{1,4}		Taxable income ⁴	
	1985	1986	1985	1986	1985	1986
	(1)	(2)	(3)	(4)	(5)	(6)
Total	101,660,287	103,045,170	2,305,951,483	2,481,681,046	1,820,740,833	1,947,024,584
Less than \$1,000 ^{1,2}	3,292,007	3,082,866	-36,740,956	-41,192,239	6,856	2,988
\$1,000 under \$3,000	6,771,487	6,943,446	13,581,245	14,071,650	5,947,953	6,091,094
\$3,000 under \$5,000	6,685,481	6,918,848	26,769,868	27,868,449	16,049,013	16,360,716
\$5,000 under \$7,000	6,570,968	6,476,499	39,356,896	38,957,006	25,680,025	24,601,096
\$7,000 under \$9,000	6,664,279	6,193,124	53,477,888	49,544,545	37,544,431	33,689,430
\$9,000 under \$11,000	6,235,044	6,143,571	62,125,340	61,191,194	46,036,142	43,902,314
\$11,000 under \$13,000	5,582,921	5,555,106	66,863,381	66,594,415	51,016,092	49,577,787
\$13,000 under \$15,000	5,386,772	5,248,065	75,352,290	73,308,776	58,884,575	56,529,121
\$15,000 under \$17,000	4,895,393	4,744,416	78,225,269	75,841,890	61,708,177	59,389,086
\$17,000 under \$19,000	4,542,598	4,478,236	81,675,266	80,591,475	65,462,334	64,065,790
\$19,000 under \$22,000	6,089,064	6,070,710	124,506,145	124,453,078	100,462,536	98,830,208
\$22,000 under \$25,000	5,051,210	5,218,320	118,539,622	122,393,950	95,256,056	98,488,143
\$25,000 under \$30,000	7,457,947	7,559,001	204,399,150	207,876,371	164,077,078	165,356,830
\$30,000 under \$35,000	6,451,040	11,489,629	209,135,063	398,161,168	320,091,716	313,916,975
\$35,000 under \$40,000	5,184,620	193,807,899	193,807,899	332,210,863	233,646,097	259,365,436
\$40,000 under \$50,000	6,701,544	7,458,776	297,914,321	381,831,768	259,467,072	295,296,881
\$50,000 under \$75,000	5,628,639	6,427,825	333,710,362	131,926,730	82,293,087	100,211,601
\$75,000 under \$100,000	1,263,409	1,546,776	107,424,625	146,973,805	90,834,865	112,757,958
\$100,000 under \$150,000	706,248	1,115,593	84,315,947	82,840,607	52,919,889	64,277,685
\$150,000 under \$200,000	203,109	34,884,492	34,884,492	33,670,463	21,269,595	27,327,574
\$200,000 under \$300,000	152,523	36,457,244	36,457,244	72,565,082	32,087,247	56,985,871
\$300,000 under \$500,000	85,565	290,946	32,529,032			
\$500,000 under \$1,000,000	41,107	51,558	27,541,427			
\$1,000,000 or more	17,312	31,859	40,099,667			

Size of adjusted gross income	Total income tax ^{3,4}		Percentage of returns showing no total income tax ⁴		Returns showing total income tax			
					Average tax (whole dollars) ⁴		Tax as percentage of AGI ⁴	
	1985	1986	1985	1986	1985	1986	1985	1986
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Total	325,710,254	367,287,213	18.5	18.5	3,931	4,374	14.4	15.1
Less than \$1,000 ^{1,2}	185,922	315,949	99.7	99.5	16,964	19,520	—	—
\$1,000 under \$3,000	41,698	58,848	94.4	94.1	111	143	5.4	7.1
\$3,000 under \$5,000	347,878	331,163	48.2	51.8	100	99	2.4	2.3
\$5,000 under \$7,000	1,193,043	1,047,045	33.9	35.1	275	249	4.6	4.1
\$7,000 under \$9,000	2,259,763	1,953,699	26.3	29.1	460	445	5.7	5.5
\$9,000 under \$11,000	3,480,779	3,203,202	11.8	13.3	633	601	6.3	6.0
\$11,000 under \$13,000	4,548,843	4,326,834	5.9	6.2	865	831	7.2	6.9
\$13,000 under \$15,000	5,789,495	5,409,582	3.9	3.9	1,119	1,073	8.0	7.7
\$15,000 under \$17,000	6,534,361	6,304,604	2.9	2.4	1,375	1,361	8.6	8.5
\$17,000 under \$19,000	7,482,062	7,243,966	2.3	1.6	1,686	1,644	9.4	9.1
\$19,000 under \$22,000	12,203,165	11,947,487	2.0	1.3	2,044	1,995	10.0	9.7
\$22,000 under \$25,000	12,275,305	12,727,389	1.6	0.8	2,469	2,459	10.5	10.5
\$25,000 under \$30,000	22,916,849	22,850,961	1.0	0.8	3,103	3,047	11.3	11.1
\$30,000 under \$35,000	25,080,332	48,628,502	.8	0.5	3,919	4,253	12.1	12.3
\$35,000 under \$40,000	24,713,424	45,744,224	.4	0.2	4,803	6,143	12.8	13.8
\$40,000 under \$50,000	41,501,665	62,459,834	.2	0.2	6,215	9,737	14.0	16.4
\$50,000 under \$75,000	56,064,781	26,280,965	.3	0.2	9,984	17,027	16.8	20.0
\$75,000 under \$100,000	21,794,656	19,895,978	.4	0.2	17,297	28,296	20.3	25.4
\$100,000 under \$150,000	19,895,978	9,760,959	.1	0.2	28,296	48,128	23.7	31.2
\$150,000 under \$200,000	9,760,959	11,362,146	.2	0.2	48,128	74,658	28.0	32.2
\$200,000 under \$300,000	11,362,146	10,670,832	.2	0.2	74,658	124,947	31.2	32.7
\$300,000 under \$500,000	10,670,832	9,878,188	.2	0.2	124,947	240,714	32.2	38.5
\$500,000 under \$1,000,000	9,878,188	15,728,128	.3	0.2	240,714	917,031	35.9	40.3
\$1,000,000 or more	15,728,128	29,168,908	.3	0.2	917,031	917,031	39.3	40.3

See notes following Table 20.

Table 3. (Continued)—Number of Individual Returns, Income, Tax, and Average Tax, By Size of Income, Tax Years 1985–1988

[All figures are estimates based on samples—money amounts are in thousands of dollars, except as indicated]

Size of adjusted gross income	Number of returns for ¹		Adjusted gross income (AGI) ^{1,4}		Taxable income ⁴	
	1987	1988	1987	1988	1987	1988
	(1)	(2)	(3)	(4)	(5)	(6)
Total	106,996,270	109,708,280	2,773,824,198	3,083,019,783	1,850,597,119	2,069,966,980
Less than \$1,000 ^{1,2}	3,691,379	3,962,269	-38,160,729	-39,276,968	155,369	171,676
\$1,000 under \$3,000	7,433,802	7,456,433	14,894,572	14,705,001	1,360,813	1,044,277
\$3,000 under \$5,000	6,691,090	6,466,607	26,725,935	25,721,364	3,759,804	2,469,667
\$5,000 under \$7,000	6,422,132	6,217,629	38,413,878	37,397,442	8,264,832	6,409,823
\$7,000 under \$9,000	6,300,234	6,191,294	50,368,689	49,432,507	15,178,900	12,109,174
\$9,000 under \$11,000	5,928,842	5,894,931	59,187,847	58,404,122	21,801,837	18,399,630
\$11,000 under \$13,000	5,580,094	5,429,777	66,951,853	65,153,426	29,932,090	24,954,851
\$13,000 under \$15,000	5,292,576	5,428,329	73,989,299	75,824,890	36,864,357	33,820,451
\$15,000 under \$17,000	4,800,582	4,965,547	76,680,566	79,375,440	41,945,445	39,607,433
\$17,000 under \$19,000	4,487,621	4,652,964	80,697,963	83,613,482	46,210,802	44,192,736
\$19,000 under \$22,000	5,879,795	11,420,482	120,205,955	249,606,773	72,352,317	147,530,356
\$22,000 under \$25,000	5,297,494		124,251,696		78,121,158	
\$25,000 under \$30,000	7,494,827	7,517,739	205,551,504	206,201,583	133,895,752	130,581,873
\$30,000 under \$35,000	11,604,644	11,956,600	402,500,618	415,310,640	270,913,902	274,610,362
\$35,000 under \$40,000						
\$40,000 under \$50,000	7,862,901	8,264,514	350,409,748	369,115,675	242,712,736	255,121,323
\$50,000 under \$75,000	8,110,447	8,904,085	484,023,071	523,715,520	347,978,968	383,088,855
\$75,000 under \$100,000	2,064,189	2,520,476	175,453,698	214,204,828	129,661,327	159,574,120
\$100,000 under \$150,000	1,513,654	1,778,258	200,973,127	236,074,161	153,927,488	183,252,229
\$150,000 under \$200,000						
\$200,000 under \$300,000	429,671	548,472	124,073,791	161,914,657	100,643,815	134,674,810
\$300,000 under \$500,000						
\$500,000 under \$1,000,000	75,352	114,808	50,898,244	77,893,798	42,794,638	67,559,945
\$1,000,000 or more	34,944	62,065	85,732,872	169,631,441	72,120,769	150,793,390

Size of adjusted gross income	Total income tax ^{3,4}		Percentage of returns showing no total income tax ⁴		Returns showing total income tax			
					Average tax (whole dollars) ⁴		Tax as percentage of AGI ⁴	
	1987	1988	1987	1988	1987	1988	1987	1988
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Total	369,202,757	412,869,909	18.9	20.6	4,257	4,738	13.7	13.8
Less than \$1,000 ^{1,2}	180,244	139,877	79.6	77.0	240	154	—	—
\$1,000 under \$3,000	183,643	173,108	70.0	73.6	82	88	4.0	4.6
\$3,000 under \$5,000	435,734	396,062	55.4	64.6	146	173	3.6	4.4
\$5,000 under \$7,000	998,787	944,306	36.4	35.7	244	236	4.1	3.9
\$7,000 under \$9,000	1,790,904	1,803,321	34.3	37.7	433	468	5.4	5.8
\$9,000 under \$11,000	2,581,645	2,548,936	29.2	32.7	615	648	6.1	6.5
\$11,000 under \$13,000	3,649,095	3,351,471	18.8	26.4	806	839	6.7	7.0
\$13,000 under \$15,000	4,701,766	4,511,389	9.0	19.2	976	1,029	7.0	7.4
\$15,000 under \$17,000	5,671,873	5,453,776	3.5	8.2	1,225	1,197	7.7	7.5
\$17,000 under \$19,000	6,288,383	6,385,486	2.9	3.8	1,444	1,427	8.0	7.9
\$19,000 under \$22,000	10,034,366	21,744,141	2.0	1.6	1,742	1,935	8.5	8.8
\$22,000 under \$25,000	11,357,271		1.7		2,181		9.3	
\$25,000 under \$30,000	20,395,355	20,361,642	0.7	0.7	2,741	2,729	10.0	9.9
\$30,000 under \$35,000								
\$35,000 under \$40,000	42,809,754	44,138,991	0.5	0.5	3,708	3,710	10.7	10.7
\$40,000 under \$50,000	41,345,872	42,768,361	0.3	0.2	5,274	5,184	11.8	11.6
\$50,000 under \$75,000	69,872,423	74,340,917	0.2	0.1	8,630	8,356	14.5	14.0
\$75,000 under \$100,000	31,277,163	35,685,329	0.1	0.1	15,171	14,169	17.8	16.7
\$100,000 under \$150,000	43,415,426	47,837,393	0.2	0.1	28,754	26,934	21.7	20.3
\$150,000 under \$200,000								
\$200,000 under \$300,000	32,978,242	38,699,740	0.1	0.1	76,866	70,637	26.6	23.9
\$300,000 under \$500,000	14,745,147	19,162,981	0.2	0.1	196,006	167,097	29.0	24.6
\$500,000 under \$1,000,000								
\$1,000,000 or more	24,489,662	42,422,678	0.3	0.1	702,777	684,546	28.7	25.0

See notes following Table 20.

Selected Historical Data

Table 4--Reconciliation of Adjusted Gross Income (AGI) and Personal Income Used in the National Income and Product Accounts (NIPA), Selected Years, 1970-1988

[All figures are estimates—money amounts are in billions of dollars]

Income and adjustment items	1970	1975	1980	1985	1986	1987 ^r	1988 ^r
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Personal Income (per NIPA)	831.8	1,313.4	2,258.5	3,325.3	3,526.2	3,766.4	4,070.8
2. Portion of personal income not included in AGI	181.2	350.5	608.5	1,021.4	1,100.6	1,093.9	1,151.6
Transfer payments (except taxable military pay and taxable Government pensions)	79.3	176.9	290.3	416.8	440.8	458.4	486.3
Other labor income (except fees)	31.9	65.0	136.5	184.3	195.7	205.5	221.2
Imputed income	25.5	33.4	45.1	55.3	71.1	87.1	87.4
Investment income received by nonprofit institutions or retained by fiduciaries	7.7	11.2	21.7	34.8	33.0	33.4	36.3
Investment income retained by life insurance carriers and noninsured pension funds ¹	12.5	23.5	59.9	112.8	119.0	136.2	148.7
Net differences in accounting treatment (NIPA vs. IRS) ..	8.5	16.0	14.1	87.3	97.7	108.1	108.2
Other excluded or tax exempt income	15.8	24.4	41.0	130.2	143.3	65.3	63.4
3. Portion of AGI not included in personal income	47.7	85.1	157.8	299.4	397.8	432.0	534.5
Personal contributions for social insurance	27.9	50.4	88.6	149.3	161.9	172.9	194.1
Net capital gain from sales of property	8.9	14.2	29.7	69.8	133.6	138.0	154.5
Taxable private pensions	6.3	13.1	28.3	72.9	94.1	103.7	127.6
S Corporation income (taxed through shareholders)	1.7	2.1	.7	6.2	7.5	17.9	37.7
Other taxable income	2.9	5.4	10.5	1.2	.6	-.5	20.6
4. Total net adjustment for conceptual differences (line 2 minus line 3)	133.5	265.4	450.7	722.0	702.8	661.9	617.1
5. Estimated total AGI (per NIPA) (line 1 minus line 4)	698.3	1,048.0	1,807.9	2,603.4	2,823.4	3,104.4	3,453.7
6. Adjusted gross income (AGI) (SOI)	631.7	947.8	1,613.7	2,306.0	2,481.7	2,773.8	3,083.0²
7. Estimated difference in AGI (NIPA vs. SOI) (line 5 minus line 6)²	66.6	100.2	194.1	297.4	341.7	r330.6	370.7²

See notes following Table 20.

Table 5.—Personal Income and Total Adjusted Gross Income Based on Individual Income Tax Returns per National Income and Product Accounts (NIPA), Tax Years 1947–1989

[All figures are estimates—money amounts are in billions of dollars]

Tax year	Personal income (per NIPA) ¹	Total adjusted gross income (AGI) (per NIPA) ¹	Difference	
			Amount	Percentage of personal income
	(1)	(2)	(3)	(4)
1947.....	190.2	170.6	19.6	10.3
1948.....	209.2	184.6	24.6	11.8
1949.....	206.4	181.7	24.7	12.0
1950.....	228.1	201.4	26.7	11.7
1951.....	256.5	228.8	27.7	10.8
1952.....	273.8	241.8	32.0	11.7
1953.....	290.5	257.1	33.4	11.5
1954.....	293.0	256.4	36.6	12.5
1955.....	314.2	277.1	37.1	11.8
1956.....	337.2	297.9	39.3	11.7
1957.....	356.3	310.7	45.6	12.8
1958.....	367.1	316.0	51.1	13.9
1959.....	390.7	338.7	52.0	13.3
1960.....	409.4	352.5	56.9	13.9
1961.....	426.0	365.8	60.2	14.1
1962.....	453.2	387.8	65.4	14.4
1963.....	476.3	408.7	67.6	14.2
1964.....	510.2	442.0	68.2	13.4
1965.....	552.0	479.4	72.6	13.2
1966.....	600.8	520.0	80.8	13.4
1967.....	644.5	555.4	89.1	13.8
1968.....	707.2	610.0	97.2	13.7
1969.....	772.9	663.4	109.5	14.2
1970.....	831.8	698.3	133.5	16.0
1971.....	894.0	745.6	148.4	16.6
1972.....	981.6	824.7	156.9	16.0
1973.....	1,101.7	926.0	175.7	15.9
1974.....	1,210.1	1,004.0	206.1	17.0
1975.....	1,313.4	1,048.0	265.4	20.2
1976.....	1,451.4	1,166.7	284.7	19.6
1977.....	1,607.5	1,297.0	310.5	19.3
1978.....	1,812.4	1,466.9	345.5	19.1
1979.....	2,034.0	1,647.3	386.7	19.0
1980.....	2,258.5	1,807.9	450.6	20.0
1981.....	2,520.9	1,990.0	530.9	21.1
1982.....	2,670.8	2,059.4	611.4	22.9
1983.....	2,838.6	2,176.3	662.3	23.3
1984.....	3,108.7	2,407.3	701.4	22.6
1985.....	3,325.3	2,603.4	713.7	21.5
1986.....	3,526.2	2,823.4	702.8	19.9
1987.....	r3,766.4	r3,104.4 ²	637.8 ²	16.9 ²
1988.....	r4,070.8	3,453.7	n.a.	n.a.
p1989.....	r4,384.3	n.a.	n.a.	n.a.

See notes following Table 20.

Selected Historical Data

Table 6.—Total Adjusted Gross Income Estimated from National Income and Product Accounts (NIPA) and Adjusted Gross Income Reported on Individual Income Tax Returns per SOI, Tax Years 1947–1989

[All figures are estimates—money amounts are in billions of dollars]

Tax year	Adjusted gross income (AGI)		Difference	
	Total (per NIPA) ^{1,2}	Reported on tax returns (per SOI) ²	Amount ²	Percentage of total ²
	(1)	(2)	(3)	(4)
1947.....	170.6	149.7	20.9	12.3
1948.....	184.6	163.6	21.0	11.4
1949.....	181.7	160.6	21.1	11.6
1950.....	201.4	179.1	22.3	11.1
1951.....	228.8	202.4	26.4	11.5
1952.....	241.8	215.3	26.5	11.0
1953.....	257.1	228.7	28.4	11.0
1954.....	256.4	229.2	27.2	10.6
1955.....	277.1	248.5	28.6	10.3
1956.....	279.9	267.8	30.1	10.1
1957.....	310.7	280.4	30.3	9.8
1958.....	316.0	281.2	34.8	11.0
1959.....	338.7	305.1	33.6	9.9
1960.....	352.5	315.5	37.0	10.5
1961.....	365.8	329.9	35.9	9.8
1962.....	387.8	348.7	39.1	10.1
1963.....	408.7	368.8	39.9	9.8
1964.....	442.0	396.7	45.3	10.2
1965.....	479.4	429.2	50.2	10.5
1966.....	520.0	468.5	51.5	9.9
1967.....	555.4	504.8	50.6	9.1
1968.....	610.0	554.4	55.6	9.1
1969.....	663.4	603.5	59.9	9.0
1970.....	698.3	631.7	66.6	9.5
1971.....	745.6	673.6	72.0	9.7
1972.....	824.7	746.0	78.7	9.5
1973.....	926.0	827.1	98.9	10.7
1974.....	1,004.0	905.5	98.5	9.8
1975.....	1,048.0	947.8	100.2	9.6
1976.....	1,166.7	1,053.9	112.8	9.7
1977.....	1,297.0	1,158.5	138.5	10.7
1978.....	1,466.9	1,302.4	164.5	11.2
1979.....	1,647.3	1,465.4	181.9	11.0
1980.....	1,807.9	1,613.7	194.2	10.7
1981.....	1,990.0	1,772.6	217.4	10.9
1982.....	2,059.4	1,852.1	207.3	10.1
1983.....	2,176.3	1,942.6	233.7	10.7
1984.....	2,407.3	2,139.9	267.4	11.1
1985.....	2,603.4	2,306.0	297.4	11.4
1986.....	2,823.4	2,481.7	341.7	12.1
1987.....	3,104.4	2,773.8	330.6	10.7
1988.....	3,453.7	3,083.0	370.7 ³	10.7 ³

See notes following Table 20.

Table 7.—Standard, Itemized, and Total Deductions Reported on Individual Income Tax Returns, Tax Years 1944–1988

[All figures are estimates based on samples—number of returns are in millions; money amounts are in billions of dollars]

Tax year	Total number of returns	Standard deduction ¹		Itemized deductions		Total deductions	
		Number of returns ²	Amount	Number of returns ²	Amount ³	Amount ⁴	Percentage of adjusted gross income (AGI) ⁵
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1944.....	47.1	38.7	8.0	8.4	4.8	12.8	11.0
1945.....	49.9	41.5	8.1	8.5	5.5	13.6	11.3
1946.....	52.8	44.1	8.9	8.8	6.3	15.2	11.3
1947.....	55.1	44.7	9.8	10.4	7.8	17.6	11.8
1948.....	52.1	43.2	11.5	8.8	7.9	19.4	11.9
1949.....	51.8	42.1	11.1	9.7	8.8	19.9	12.4
1950.....	53.1	42.7	12.0	10.3	9.9	21.9	12.2
1951.....	55.4	43.9	13.3	11.6	11.9	25.2	12.5
1952.....	56.5	43.7	13.7	12.8	13.6	27.3	12.7
1953.....	57.8	43.4	14.2	14.4	15.6	29.8	13.0
1954.....	56.7	41.0	13.3	15.7	17.4	30.7	13.4
1955.....	58.3	41.4	13.6	16.9	20.0	33.6	13.5
1956.....	59.2	40.7	13.8	18.5	22.6	36.4	13.6
1957.....	59.8	39.7	13.8	20.2	25.7	39.5	14.1
1958.....	59.1	38.3	13.2	20.8	27.5	40.7	14.5
1959.....	60.3	37.8	13.4	22.5	32.0	45.4	14.9
1960.....	61.0	36.9	13.1	24.1	35.3	48.4	15.3
1961.....	61.5	36.2	12.9	25.3	38.4	51.3	15.6
1962.....	62.7	36.3	13.1	26.5	41.7	54.8	15.7
1963.....	63.9	35.8	13.1	28.2	46.1	59.2	16.1
1964.....	65.4	38.5	20.2	26.9	46.8	67.0	16.9
1965.....	67.6	39.7	20.6	27.9	50.7	71.4	16.6
1966.....	70.2	41.6	21.8	28.6	54.6	76.4	16.3
1967.....	71.7	41.9	22.1	29.8	59.6	81.7	16.2
1968.....	73.7	41.7	22.1	32.0	69.2	91.3	16.4
1969.....	75.8	40.9	21.6	34.9	80.2	101.8	16.8
1970.....	74.3	38.8	32.4	35.4	88.2	120.5	19.0
1971.....	74.6	43.9	48.1	30.7	91.9	139.9	20.7
1972.....	77.6	50.6	69.8	27.0	96.7	166.4	22.2
1973.....	80.7	52.6	73.6	28.0	107.0	180.6	21.8
1974.....	83.3	53.8	76.1	29.6	119.4	195.5	21.6
1975.....	82.2	56.1	100.9	26.1	122.3	233.2	23.5
1976.....	84.7	58.7	113.8	26.0	133.9	247.6	23.5
1977.....	86.6	63.7	137.7	22.9	138.5	276.2	23.8
1978.....	89.8	64.0	139.8	25.8	164.4	304.3	23.4
1979.....	92.7	66.2	148.8	26.5	184.2	333.0	22.7
1980.....	93.9	65.0	146.0	29.0	218.0	346.0	22.6
1981.....	95.4	63.8	144.7	31.6	256.4	401.2	22.6
1982.....	95.3	61.9	140.2	33.4	284.5	425.2	22.9
1983.....	96.3	61.1	138.5	35.2	309.6	448.7	23.1
1984.....	99.4	61.2	139.5	38.2	358.9	499.6	23.3
1985.....	101.7	61.8	145.0	39.8	405.0	554.7	23.9
1986.....	103.0	62.4	151.0	40.7	447.1	611.3	24.6
1987.....	107.0	71.4	215.2	35.6	392.0	607.2	21.9
1988.....	109.7	77.8	289.6	31.9	395.2	686.0	22.2

See notes following Table 20.

Selected Historical Data

Table 8.—Personal Income Per National Income and Product Accounts (NIPA) and Taxable Income, and Individual Income Tax Per SOI, Tax Years 1947–1989

[All figures are estimates—money amounts are in billions of dollars]

Tax year	Personal income (per NIPA) ¹	Taxable income (per SOI) ²		Total income tax (per SOI) ³		
		Amount	As a percentage of personal income	Total	As a percentage of—	
					Personal income	Taxable income
	(1)	(2)	(3)	(4)	(5)	(6)
1947.....	190.2	75.4	39.6	18.1	9.5	24.0
1948.....	209.2	74.8	35.8	15.4	7.4	20.6
1949.....	206.4	71.7	34.7	14.5	7.0	20.2
1950.....	228.1	84.3	37.0	18.4	8.1	21.8
1951.....	256.5	99.2	38.7	24.2	9.4	25.9
1952.....	273.8	107.2	39.2	27.8	10.2	25.9
1953.....	290.5	114.3	39.3	29.4	10.1	25.7
1954.....	293.0	115.3	39.4	26.7	9.1	23.2
1955.....	314.2	128.0	40.7	29.6	9.4	23.1
1956.....	337.2	141.5	42.0	32.7	9.7	23.1
1957.....	356.3	149.4	41.9	34.4	9.7	23.0
1958.....	367.1	149.3	40.7	34.3	9.3	23.0
1959.....	390.7	166.5	42.6	38.6	9.9	23.2
1960.....	409.4	171.6	41.9	39.5	9.6	23.0
1961.....	426.0	181.8	42.7	42.2	9.9	23.2
1962.....	453.2	195.3	43.1	44.9	9.9	23.0
1963.....	476.3	209.1	43.9	48.2	10.1	23.1
1964.....	510.2	229.9	45.1	47.2	9.3	20.5
1965.....	552.0	255.1	46.2	49.6	9.0	19.4
1966.....	600.8	286.3	47.7	56.1	9.3	19.6
1967.....	644.5	315.1	48.9	63.0	9.8	20.0
1968.....	707.2	352.8	49.9	76.7	10.8	21.7
1969.....	772.9	388.8	50.3	86.6	11.2	22.3
1970.....	831.8	401.2	48.2	83.9	10.1	20.9
1971.....	894.0	414.0	46.3	85.4	9.6	20.6
1972.....	981.6	447.6	45.6	93.6	9.5	20.9
1973.....	1,101.7	511.9	46.5	108.1	9.8	21.1
1974.....	1,210.1	573.6	47.4	123.6	10.2	21.5
1975.....	1,313.4	595.5	45.3	124.5	9.5	20.9
1976.....	1,451.4	674.9	46.5	141.8	9.8	21.0
1977.....	1,607.5	733.8	45.6	159.8	9.9	21.8
1978.....	1,812.4	846.4	46.7	188.2	10.4	22.2
1979.....	2,034.0	926.6	45.6	214.5	10.5	23.2
1980.....	2,258.5	1,045.2	46.3	250.3	11.1	24.0
1981.....	2,520.9	1,170.1	46.4	284.1	11.3	24.3
1982.....	2,670.8	1,231.9	46.1	277.6	10.4	22.6
1983.....	2,838.6	1,300.2	45.8	274.2	9.7	21.1
1984.....	3,108.7	1,447.0	46.5	301.9	9.7	20.9
1985.....	3,325.3	1,550.5	46.6	325.7	9.8	21.0
1986.....	3,526.2	1,665.6	47.2	367.3	10.4	22.1
1987.....	3,766.4r	1,850.6	49.1r	369.2	9.8	20.0
1988.....	4,070.8r	2,070.0r	50.9r	412.9r	10.1r	20.0
p1989.....	4,384.3r	n.a.	n.a.	n.a.	n.a.	n.a.

See notes following Table 20.

Selected Historical Data

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Table 9.—Number of Individual Income Tax Returns, by Type of Tax Settlement, Tax Years 1944–1988

[All figures are estimates based on samples—number of returns are in millions].

Tax year	Total number of returns	Returns with—		
		Tax due at time of filing	Overpayments	No overpayments or tax due at time of filing
	(1)	(2)	(3)	(4)
1944.....	47.1	22.6	22.9	1.6
1945.....	49.9	14.5	33.5	1.9
1946.....	52.8	13.6	34.4	4.8
1947.....	55.1	15.3	33.0	6.7
1948.....	52.1	8.1	38.4	5.6
1949.....	51.8	13.8	30.2	7.9
1950.....	53.1	14.3	32.0	6.8
1951.....	55.4	18.6	31.0	5.8
1952.....	56.5	19.3	32.1	5.1
1953.....	57.8	19.0	32.7	6.2
1954.....	56.7	16.6	35.2	5.0
1955.....	58.3	18.7	35.4	4.2
1956.....	59.2	19.4	36.1	3.7
1957.....	59.8	18.6	37.6	3.6
1958.....	59.1	18.1	37.4	3.6
1959.....	60.3	19.1	38.4	2.8
1960.....	61.0	18.1	39.4	3.5
1961.....	61.5	18.6	40.0	2.9
1962.....	62.7	18.7	40.9	3.1
1963.....	63.9	19.3	41.4	3.3
1964.....	65.4	22.5	39.3	3.5
1965.....	67.6	20.0	44.3	3.2
1966.....	70.2	17.8	49.4	3.0
1967.....	71.7	17.5	51.2	3.0
1968.....	73.7	20.3	50.6	2.8
1969.....	75.8	17.9	54.9	3.0
1970.....	74.3	16.5	55.3	2.5
1971.....	74.6	17.0	55.3	2.4
1972.....	77.6	11.9	63.3	2.3
1973.....	80.7	14.2	64.2	2.2
1974.....	83.3	15.4	65.8	2.1
1975.....	82.2	15.8	63.8	2.6
1976.....	84.7	16.9	65.0	2.8
1977.....	86.6	17.8	66.0	2.8
1978.....	89.8	21.6	65.5	2.7
1979.....	92.7	18.8	71.4	2.4
1980.....	93.9	21.8	69.9	2.3
1981.....	95.4	23.0	70.0	2.4
1982.....	95.3	20.3	72.4	2.6
1983.....	96.3	18.5	75.0	2.9
1984.....	99.4	21.2	75.6	2.7
1985.....	101.7	21.2	77.4	3.0
1986.....	103.0	21.5	78.1	3.5
1987.....	107.0	23.8	79.8	3.4
1988.....	109.7	27.2	79.1	3.4

See notes following Table 20.

Selected Historical Data

Table 10.—Nonfarm Sole Proprietorship Returns: Selected Income and Deduction Items for Selected Income Years, 1970–1988

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	1970	1975	1980	1985	1987	1988
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total	5,769,741	7,221,346	8,931,712	11,928,573	13,091,132	13,679,302
Number with net income.....	n.a.	n.a.	n.a.	8,640,701	9,884,338	10,491,980
Inventory, end of year	11,060,775	15,578,040	21,996,236	24,969,895	26,332,702	27,312,780
Business receipts, total	198,582,172	273,954,741	411,205,713	540,045,430	610,822,732	671,969,931
Income from sales and operations.....	n.a.	272,342,560	407,169,299	528,675,271	598,315,189	658,687,319
Total deductions	168,044,746	234,318,288	356,258,495	461,272,852	505,362,105	545,734,861¹
Cost of sales and operations.....	109,148,811	146,261,435	209,889,809	232,294,132	255,045,271	277,880,196
Purchases.....	88,585,913	117,722,352	168,301,517	n.a.	173,399,840	197,219,846
Cost of labor.....	7,704,285	8,791,083	10,922,221	14,504,201	19,631,015	21,143,176
Materials and supplies.....	6,216,057	9,090,638	12,909,222	n.a.	23,841,762	27,800,391
Commissions.....	1,274,016	2,225,830	3,333,345	n.a.	6,261,859	6,539,971
Net salaries and wages.....	15,107,047	20,227,859	26,560,821	38,265,691	42,329,477	43,007,261
Car and truck expenses.....	n.a.	n.a.	13,378,289	17,044,421	17,469,744	19,640,064
Rent paid.....	4,636,528	6,676,314	9,636,290	15,258,690	16,358,248	19,470,237
Repairs.....	2,444,607	3,044,175	5,031,573	n.a.	7,437,987	8,103,581
Taxes paid.....	3,775,502	5,423,961	7,672,459	n.a.	8,449,142	9,494,998
Utilities.....	n.a.	n.a.	4,790,337	n.a.	13,361,789	14,618,337
Insurance.....	2,309,608	3,503,812	6,003,126	n.a.	11,718,559	12,527,976
Interest paid.....	1,784,276	3,390,845	7,190,257	11,913,982	11,615,902	12,070,600
Depreciation.....	5,451,525	7,958,143	13,952,703	26,291,389	25,557,350	26,078,240
Pension and profit sharing plans.....	72,741	125,296	141,463	311,323	547,886	450,388
Net income (less deficit)	30,537,426	39,636,453^r	54,947,219	78,772,578	105,460,627	126,323,251
Net income.....	33,735,732	45,624,890	68,010,051	98,775,563	123,782,540	145,517,755
Deficit.....	3,198,306	5,988,437	13,062,832	20,002,986	18,321,913	19,194,505

See notes following Table 20.

Table 11.—Partnership Returns: Balance Sheet Items and Selected Income Statement for Selected Income Years, 1970–1988

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	1970	1975	1980	1985	1987	1988
	(1)	(2)	(3)	(4)	(5)	(6)
Total number of active partnerships	936,133	1,073,094	1,379,654	1,713,603	1,648,032	1,654,245
Number with net income.....	639,795	661,134	774,173	875,846	864,840	901,297
Number with balance sheets.....	555,741	783,271	1,194,236	1,227,498	1,129,316	1,154,882
Number of partners	3,697,818	4,950,634	8,419,899	13,244,824	16,963,258	17,291,178
Total assets¹	116,752,751	235,468,301	597,503,923	1,269,434,302	1,385,649,816	1,580,194,209
Depreciable assets (net).....	n.a.	113,124,969	239,139,823	695,878,822	804,266,549	933,428,499
Inventories, end of year.....	n.a.	11,985,431	33,218,272	27,279,234	45,055,120	51,151,852
Land.....	n.a.	36,731,958	70,241,248	152,179,314	177,893,169	200,268,647
Total liabilities¹	n.a.	193,875,629	488,734,023	1,069,221,849	1,138,297,888	1,313,087,261
Accounts payable.....	n.a.	12,302,055	33,899,048	40,871,755	41,264,681	48,882,276
Short-term debt ²	n.a.	22,709,476	48,001,839	102,760,363	81,654,510	86,552,615
Long-term debt ³	n.a.	136,296,764	178,044,406	381,960,685	429,911,042	473,597,425
Nonrecourse loans.....	n.a.	n.a.	118,910,380	327,558,208	388,362,153	436,916,024
Partners' capital accounts	n.a.	41,592,672	108,769,900	200,212,653	247,351,928	267,106,948
Total receipts⁴	93,348,080	148,417,529	291,998,115	367,117,316	473,755,262	540,193,912
Business receipts ⁵	90,208,834 ⁵	142,505,781 ⁵	271,108,832 ⁵	302,733,374	411,457,126	463,956,020
Interest received.....	942,304	2,477,173	10,869,323	20,558,966 ⁶	13,568,398 ⁶	19,776,489 ⁶
Total deductions⁴	83,557,684	140,679,959	283,749,460	376,000,991	479,665,676	526,217,080
Cost of sales and operations.....	46,040,874	64,672,843	113,885,668	146,315,315	237,156,859	252,590,549
Purchases.....	31,820,581	42,608,734	70,439,607	91,925,923	167,977,884	173,024,428
Cost of labor.....	4,146,927	4,585,836	7,015,547	8,845,106	9,975,053	11,535,738
Salaries and wages.....	8,129,233	12,489,039	22,336,337	33,884,204	40,676,362	47,098,641
Taxes paid.....	3,159,258	5,770,918	9,553,145	7,745,756	16,867,461	7,993,317
Interest paid.....	4,470,206	12,097,100	28,362,385	28,674,933	19,953,845	23,242,437
Depreciation.....	4,578,820	10,108,834	21,576,189	53,650,790 ⁷	58,381,722 ⁷	61,839,261 ⁷
Net income (less deficit)	9,790,396	7,737,570	8,248,655	-8,883,674	-5,419,105	14,493,114
Net income.....	14,419,124	22,431,931	45,061,756	77,044,693	87,654,011	111,384,545
Deficit.....	4,628,728	14,694,361	36,813,100	85,928,367	93,073,116	96,891,431

See notes following Table 20.

Table 12.—Number of Business Income Tax Returns, by Size of Business, for Selected Years 1970–1988

[All figures are estimates based on samples—number of businesses are in thousands]

Size of business	Number of business for returns—					
	1970	1975	1980	1985	1987	1988
	(1)	(2)	(3)	(4)	(5)	(6)
CORPORATIONS						
Receipt size ¹						
Under \$25,000 ²	451.9	468.9	557.0	710.8	788.1	n.a.
\$25,000 under \$50,000	170.7	186.4	207.7	236.6	267.3	n.a.
\$50,000 under \$100,000	219.8	260.7	322.7	330.2	369.5	n.a.
\$100,000 under \$250,000	516.9	673.9	558.4	620.5	659.4	n.a.
\$250,000 under \$500,000						
\$500,000 under \$1,000,000						
\$1,000,000 or more	141.1	184.2	279.8	352.4	391.3	n.a.
	165.0	249.5	417.7	537.6	605.0	n.a.
Asset size						
Under \$100,000 ³	961.0	1,177.7	1,514.6	1,833.5	2,089.3	n.a.
\$100,000 under \$1 million	599.1	704.6	968.9	1,152.5	1,207.0	n.a.
\$1 million under \$10 million	87.0	116.4	191.8	245.4	265.9	n.a.
\$10 million under \$25 million	9.8	12.2	16.6	20.9	23.5	n.a.
\$25 million under \$50 million	3.9	5.6	7.8	10.4	10.2	n.a.
\$50 million under \$100 million	2.1	3.1	4.8	6.2	6.5	n.a.
\$100 million under \$250 million	1.4	2.1	3.2	4.4	4.9	n.a.
\$250 million and over	1.2	1.9	2.9	4.1	4.8	n.a.
PARTNERSHIPS						
Receipt size ^{1,4}						
Under \$25,000 ²	501.7	549.7	638.0	840.1 ⁴	853.6	829.8
\$25,000 under \$50,000	125.2	141.0	181.8	195.5	163.0	117.5
\$50,000 under \$100,000	119.6	133.7	183.6	199.5	184.2	183.3
\$100,000 under \$200,000	97.2	114.0	155.2	190.1	165.8	160.4
\$200,000 under \$500,000	65.2	90.6	135.6	165.5	157.4	159.3
\$500,000 under \$1,000,000	17.0	25.5	48.1	66.9	64.7	73.9
\$1,000,000 or more	10.3	18.6	37.4	56.0	59.4	69.7
Asset size ⁵						
Under \$25,000 ³	635.7	611.0	541.9	794.1	780.9	783.5
\$25,000 under \$50,000	80.8	105.9	156.3	132.7	113.9	117.7
\$50,000 under \$100,000	73.5	106.8	180.2	165.8	141.7	133.1
\$100,000 under \$200,000	74.7	116.0	219.1	210.9	148.6	127.2
\$200,000 under \$500,000	33.8	56.9	117.9	142.8	189.2	195.0
\$500,000 under \$1,000,000	19.3	35.3	72.1	100.0	97.0	108.8
\$1,000,000 or more	18.3	41.2	92.2	167.2	176.7	188.6
NONFARM SOLE PROPRIETORSHIPS						
Receipt size						
Under \$2,500 ²	1,894.3	2,299.9	2,783.1	3,067.5	3,299.4	3,364.9
\$2,500 under \$5,000	815.1	959.4	1,158.6	1,444.6	1,553.5	1,509.9
\$5,000 under \$10,000	891.5	1,041.7	1,262.9	1,633.6	1,846.5	1,962.8
\$10,000 under \$25,000	1,137.4	1,325.7	1,711.8	2,104.6	2,284.2	2,509.2
\$25,000 under \$50,000	746.4	849.5	1,079.1	1,393.9	1,559.0	1,601.6
\$50,000 under \$100,000	562.0	644.5	835.6	1,094.1	1,172.0	1,225.8
\$100,000 under \$200,000	297.4	380.9	795.8	1,060.2	913.5	967.6
\$200,000 under \$500,000	122.3	209.2			318.6	369.7
\$500,000 under \$1,000,000	20.8	35.3			101.6	118.3
\$1,000,000 or more	6.6	13.5	29.2	40.7	42.8	49.5

See notes following Table 20.

Selected Historical Data

Table 13.—Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Selected Years, 1970–1987

[All figures are estimates based on samples — money amounts are in thousands of dollars]

Items	1970	1975	1980	1985	1986	1987
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total	1,665,477	2,023,647	2,710,538	3,277,219	3,428,515	3,612,133
Number with net income.....	1,008,337	1,226,208	1,596,632	1,820,120	1,907,738	1,995,452
Consolidated returns ^{1,2}	19,871	38,307	57,890	79,598	81,956	80,070
S Corporation returns ^{2,3}	257,475	358,413	545,389	724,749	826,214	1,127,905
DISC returns ^{2,4}	N/A	6,431	8,665	1,383	1,443	1,185
FSC returns ^{2,5}	N/A	N/A	N/A	2,341	2,900	2,613
Total assets	2,634,706,564	4,286,556,273	7,617,238,403	12,773,093,888	14,163,209,894	15,310,615,602
Cash.....	176,924,573	290,426,439	528,914,747	683,204,264	762,946,878	754,042,297
Notes and accounts receivable.....	614,667,367	1,051,542,806	1,984,601,790	3,317,635,191	3,593,528,670	3,763,230,257
Less: Allowance for bad debts.....	20,030,327	31,032,998	50,057,307	61,580,335	74,228,426	95,203,843
Inventories.....	190,401,642	317,718,545	534,806,547	714,722,928	732,587,518	829,272,682
Investments in Government obligations.....	196,625,390	316,131,699	472,059,737	916,550,098	1,058,718,859	1,092,370,975
Other current assets.....	73,058,482	145,101,716	310,177,160	629,136,396	739,043,506	836,599,341
Loans to stockholders.....	4,774,082	9,355,636	29,873,250	56,761,232	63,653,862	71,237,313
Mortgage and real estate loans.....	327,593,354	548,054,483	894,323,489	1,258,672,577	1,377,441,452	1,455,222,233
Other investments.....	401,389,022	626,266,074	1,213,986,210	2,413,551,474	2,847,727,452	3,227,237,568
Depreciable assets.....	868,908,018	1,276,564,500	2,107,027,914	3,174,193,649	3,382,556,559	3,602,960,891
Less: Accumulated depreciation.....	334,646,086	483,798,526	767,841,763	1,232,072,530	1,342,114,626	1,483,312,181
Depletable assets.....	18,517,264	38,511,396	71,901,490	112,339,389	116,010,459	123,104,144
Less: Accumulated depletion.....	6,774,796	14,501,561	19,569,556	37,203,920	44,083,149	49,686,832
Land.....	46,626,157	66,819,206	92,931,935	141,448,357	149,522,450	158,817,879
Intangible assets (amortizable).....	12,818,168	12,823,183	45,480,694	145,290,625	212,265,625	262,309,525
Less: Accumulated amortization.....	5,984,184	4,491,990	18,393,037	42,505,240	46,696,699	55,540,169
Other assets.....	69,838,438	121,065,665	187,015,106	582,949,738	634,329,507	817,953,526
Total liabilities	2,634,706,564	4,286,556,273	7,617,238,403	12,773,093,888	14,163,209,894	15,310,615,602
Accounts payable.....	148,812,597	263,417,584	542,172,368	891,571,443	909,090,964	997,768,767
Mortgages, notes, and bonds payable in less than 1 year.....	170,884,261	272,123,551	504,802,288	1,001,337,795	1,083,947,776	1,247,450,987
Other current liabilities.....	892,218,397	1,577,425,991	2,706,796,360	4,234,983,432	4,599,886,537	4,822,312,874
Loans from stockholders.....	24,573,814	38,143,936	85,718,510	174,317,253	185,034,570	211,854,134
Mortgages, notes, and bonds payable in 1 year or more.....	362,700,303	586,703,526	986,663,932	1,699,272,481	1,958,477,161	2,141,169,042
Other liabilities.....	283,106,029	451,676,880	846,696,691	1,467,912,913	1,728,638,194	1,942,679,565
Capital stock.....	201,213,719	251,715,862	417,153,783	920,182,882	1,190,628,800	1,291,674,344
Paid-in or capital surplus.....	196,642,421	298,534,854	532,039,407	1,420,996,805	1,725,785,087	1,988,355,017
Retained earnings, appropriated.....	16,657,051	29,955,676	41,461,644	54,074,364	64,975,012	83,651,846
Retained earnings, unappropriated.....	349,225,750	537,631,026	1,027,902,049	1,311,512,589	1,313,686,600	1,257,000,416
Less: Cost of treasury stock.....	11,327,778	20,772,613	74,168,627	403,068,064	612,525,394	749,174,866
Total receipts	1,750,776,503	3,198,627,860	6,361,284,012	8,398,278,426	8,669,378,501	9,580,720,701^{6,7}
Business receipts.....	1,620,886,576	2,961,729,640	5,731,616,337	7,369,538,953	7,535,482,221	8,414,537,647 ⁶
Interest on State and local Government obligations.....	3,775,917	6,711,606	12,620,876	20,164,514	23,578,340	30,764,430
Other interest.....	67,794,508	136,587,304	354,243,674	617,622,425 ⁸	638,524,951 ⁸	589,989,252 ⁸
Dividends received from domestic corporations.....	5,238,421	8,818,282	18,654,800	16,967,379	15,156,098	13,864,647
Dividends received from foreign corporations.....	3,466,515	5,467,726	14,563,353	20,770,361	22,747,046	25,180,395
Rents.....	13,938,502	21,765,130	41,371,141	89,700,937	93,972,214	92,105,433
Royalties.....	2,586,387	5,167,141	12,450,250	15,237,421	16,411,642	20,743,856
Net short-term capital gain reduced by net long-term capital loss.....	190,439	301,601	2,013,510	7,032,062	11,797,841	8,453,030
Net long-term capital gain reduced by net short-term capital loss.....	5,481,580	8,364,523	24,910,957	53,771,685	93,297,600	63,754,106
Net gain, noncapital assets.....	5,315,562	7,757,287	20,117,615	33,537,842	44,149,339	29,568,649 ⁶
Other receipts.....	22,102,096	35,957,620	128,721,498	153,934,848	174,261,151	206,857,448
Total deductions	1,682,778,847	3,052,674,597	6,125,365,155	8,158,144,126	8,394,932,819	9,243,903,854⁷
Cost of sales and operations.....	1,146,263,273	2,129,928,467	4,204,905,905	4,894,254,081	4,922,763,967	5,596,218,574
Compensation of officers.....	32,846,381	57,832,552	108,973,751	170,737,540	185,395,342	200,048,676
Repairs.....	13,986,819	23,422,171	42,407,967	81,495,784	83,848,507	86,425,629
Bad debts.....	6,479,814	13,781,147	18,769,771	43,333,588	53,419,371	54,578,189
Rent paid on business property.....	23,842,355	40,769,829	71,990,832	134,661,335	145,188,558	153,781,416
Taxes paid.....	49,523,243	81,530,302	163,003,622	200,977,161	203,491,687	211,346,315
Interest paid.....	62,055,010	129,307,921	344,612,542	568,645,475	572,973,834	589,989,252
Contributions or gifts.....	797,029	1,202,130	2,358,554	4,471,736	5,178,918	4,980,027
Amortization.....	745,005	717,398	1,374,658	6,133,737	14,005,202	17,407,143
Depreciation.....	52,941,266	86,295,664	157,345,828	304,380,703	312,582,789	316,710,668
Depletion.....	5,623,339	5,341,489	8,871,993	7,779,731 ⁹	9,035,885 ⁹	8,460,962 ⁹
Advertising.....	18,089,097	26,605,786	52,266,004	91,922,667	98,959,857	106,556,098
Pension, profit-sharing, stock bonus, and annuity plans.....	12,225,912	26,526,129	51,529,310	49,588,712 ⁹	48,242,217 ⁹	46,533,727 ⁹
Employee benefit programs.....	7,398,283	15,690,563	40,179,104	71,601,577 ⁹	73,633,515 ⁹	84,603,727 ⁹
Net loss, noncapital assets.....	1,289,305	1,804,079	5,903,104	7,893,175	12,859,566	12,047,435 ⁶
Other deductions.....	248,672,716	411,918,970	850,872,216	1,520,267,133 ⁹	1,653,353,611 ⁹	1,754,216,022 ⁹

Selected Historical Data

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Table 13. (Continued)—Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Selected Years, 1970–1987

[All figures are estimates based on samples — money amounts are in thousands of dollars]

Items	1970	1975	1980	1985	1986	1987
	(1)	(2)	(3)	(4)	(5)	(6)
Total receipts less total deductions.....	67,997,656	145,953,263	235,918,858	240,134,300	274,445,682	336,816,848⁷
Constructive taxable income from						
related foreign corporations.....	1,679,875	3,395,169	15,708,560	20,299,335	19,038,861	22,226,855
Net income (less deficit).....	65,901,614	142,636,826	239,006,542	240,119,020	269,530,240	328,223,710 ⁷
Net income.....	83,710,924	169,483,336	296,787,201	363,867,384	408,860,760	465,234,737 ⁷
Deficit.....	17,809,310	26,846,510	57,780,659	123,748,365	139,330,520	137,011,027 ⁷
Income subject to tax ¹⁰	72,374,437	146,589,287	246,598,486	266,060,609	276,172,502	311,840,615
Income tax, total.....	33,293,018¹¹	66,144,308	105,142,436	111,340,839	111,140,137	118,484,975
Regular and alternative tax.....	32,949,937	65,769,822	103,831,172	109,106,358	108,773,260	115,073,572
Tax from recomputing prior year investment credit.....	77,832	217,138	867,571	1,497,597	1,319,525	783,953
Tax from recomputing prior year work incentive (WIN) credit.....	N/A	608	4,873	N/A	N/A	N/A
Additional tax for tax preferences and alternative minimum tax.....	265,249	156,740	438,820	725,878	1,026,194	2,229,107 ¹²
Environmental tax.....	N/A	N/A	N/A	N/A	N/A	351,253
Foreign tax credit.....	4,548,986	19,987,724	24,879,737	24,263,487	21,480,508	20,812,861
U.S. possessions tax credit.....	N/A	N/A	1,572,734	2,450,583	2,907,256	2,666,634
Investment credit.....	865,954	6,459,746	15,102,812	(¹³)	(¹³)	(¹³)
Work incentive (WIN) credit.....	N/A	5,321	36,483	N/A	N/A	N/A
Jobs credit.....	N/A	N/A	601,444	(¹³)	(¹³)	(¹³)
Nonconventional source fuel credit.....	N/A	N/A	2	43,267	63,544	52,439
Alcohol fuel credit.....	N/A	N/A	4	(¹³)	(¹³)	(¹³)
Research activities credit.....	N/A	N/A	N/A	1,627,997	(¹³)	(¹³)
Employees stock ownership credit.....	N/A	N/A	N/A	(¹³)	(¹³)	(¹³)
Orphan drug credit.....	N/A	N/A	N/A	*204	6,530	5,154
General business credit.....	N/A	N/A	N/A	19,607,097 ¹³	12,805,999 ¹³	7,959,117 ¹³
Minimum tax credit.....	N/A	N/A	N/A	N/A	N/A	14
Distributions to stockholders:						
Cash and property except in own stock.....	32,012,677	45,224,392	97,378,617	n.a.	n.a.	n.a.
Corporation's own stock.....	1,922,810	2,066,559	3,525,549	n.a.	n.a.	n.a.

See notes following Table 20.

Selected Historical Data

Table 14.—Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items by Industrial Division, for Selected Income Years, 1970–1987

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Industrial division and items	1970	1975	1980	1985	1986	1987
	(1)	(2)	(3)	(4)	(5)	(6)
AGRICULTURE, FORESTRY AND FISHING						
Number of returns, total	37,283	56,280	80,883	103,156	106,634	116,544
Number with net income	19,843	33,328	43,827	52,776	57,810	65,059
Total assets	11,909,403	21,177,941	40,738,977	52,651,197	53,478,288	55,374,698
Net worth	4,012,068	6,844,949	11,460,935	15,406,221	17,062,622	18,201,394
Total receipts	14,277,707	28,118,514	52,089,915	70,491,486	77,502,215	77,057,114 ¹
Business receipts	13,591,763	26,624,149	48,850,056	65,419,402	71,787,552	71,809,603 ¹
Interest received	69,742	171,732	476,654	775,383 ²	720,405 ²	490,401
Total deductions	14,209,713	27,369,286	51,418,280	70,559,478	76,330,943	75,422,713
Cost of sales and operations	10,555,539	19,738,447	35,798,332	45,085,526	50,971,455	50,565,416 ¹
Interest paid	356,225	797,420	2,184,441	2,758,952	2,570,846	2,272,546
Net income (less deficit)	65,295	746,908	673,158	-74,270	1,148,686	1,626,501 ¹
Net income	493,400	1,493,168	2,464,381	2,930,905	3,676,645	4,010,915 ¹
Deficit	428,105	746,260	1,791,222	3,005,175	2,527,960	2,384,414 ¹
Regular and alternative tax	113,115 ³	331,059	533,768	531,787	579,120	496,874
Total income tax after credits ⁴	107,023 ³	294,584	422,356	344,626	475,606	497,427
Distributions to stockholders except in own stock	65,824	244,524	304,733	n.a.	n.a.	n.a.
MINING						
Number of returns, total	14,465	14,242	25,576	41,426	40,354	42,050
Number with net income	7,303	8,297	12,698	18,031	18,150	16,764
Total assets	23,972,812	64,505,341	126,947,880	240,815,996	206,122,125	220,137,063
Net worth	13,381,821	32,765,690	54,068,148	104,772,797	98,604,268	109,553,353
Total receipts	17,747,750	65,909,994	176,672,390	142,038,595	98,577,216	96,805,871 ¹
Business receipts	16,699,586	63,670,496	167,397,918	126,710,610	86,873,761	85,846,689
Interest received	176,728	522,757	1,301,266	3,584,890 ²	3,154,332 ²	2,622,570 ¹
Total deductions	15,927,348	42,348,765	169,051,624	145,389,514	102,093,971	96,660,686 ¹
Cost of sales and operations	9,955,600	30,171,612	116,989,880	87,972,035	58,115,191	56,325,162
Interest paid	388,032	1,166,182	3,440,080	7,789,995	6,395,032	5,442,124
Net income (less deficit)	1,834,315	23,574,833	7,750,561	-2,543,487	-3,122,565	275,048 ¹
Net income	2,399,507	24,347,893	10,133,685	6,166,623	5,352,717	6,039,881 ¹
Deficit	565,192	773,060	2,383,124	8,710,110	8,475,282	5,764,833 ¹
Regular and alternative tax	1,031,550 ³	11,361,037	3,947,569	1,736,952	1,339,161	1,143,473
Total income tax after credits ⁴	342,928 ³	1,051,138	1,674,566	557,519	694,690	810,619
Distributions to stockholders except in own stock	1,177,550	1,015,895	4,757,780	n.a.	n.a.	n.a.
CONSTRUCTION						
Number of returns, total	138,905	191,219	272,432	318,276	341,816	371,169
Number with net income	82,078	108,852	150,368	185,613	194,446	222,498
Total assets	42,719,792	76,691,947	132,939,026	215,297,771	218,880,512	222,064,937
Net worth	11,819,604	19,029,077	32,826,174	54,687,270	52,781,280	53,926,258
Total receipts	90,610,644	146,955,117	267,205,356	387,232,953	412,477,214	454,831,094 ¹
Business receipts	88,945,385	143,412,715	260,387,692	374,590,273	399,436,063	442,491,245
Interest received	219,698	614,583	2,073,650	3,851,628 ²	3,981,459 ²	3,479,339 ¹
Total deductions	89,070,022	144,717,309	262,116,275	382,823,113	406,663,574	446,096,648 ¹
Cost of sales and operations	73,434,969	116,845,554	208,064,925	295,803,244	314,065,258	344,505,785
Interest paid	711,496	1,973,244	4,278,502	6,407,652	6,869,790	6,319,837
Net income (less deficit)	1,538,418	2,236,262	5,271,209	4,370,924	5,781,722	8,700,642 ¹
Net income	2,548,013	4,514,864	8,911,143	11,053,145	12,443,085	15,360,778 ¹
Deficit	1,009,595	2,278,602	3,639,934	6,682,220	6,661,363	6,660,136 ¹
Regular and alternative tax	776,979 ³	1,320,196	2,521,507	2,243,786	2,484,009	2,351,230
Total income tax after credits ⁴	756,637 ³	1,131,960	1,973,659	1,662,563	2,183,820	2,337,107
Distributions to stockholders except in own stock	299,204	464,553	793,764	n.a.	n.a.	n.a.
MANUFACTURING						
Number of returns, total	197,807	217,354	242,550	276,545	285,119	294,211
Number with net income	120,814	136,839	153,640	159,778	163,161	169,988
Total assets	612,912,516	944,581,970	1,709,471,700	2,644,393,424	2,931,610,462	3,111,708,665
Net worth	308,923,293	442,587,674	749,186,774	1,099,645,876	1,124,399,497	1,191,672,658
Total receipts	722,952,890	1,296,359,650	2,404,323,844	2,831,062,496	2,810,713,781	3,141,406,444 ¹
Business receipts	700,090,661	1,258,338,650	2,301,056,550	2,656,345,750	2,614,526,752	2,946,695,175
Interest received	4,748,499	8,691,092	28,315,784	47,753,626 ²	50,749,530 ²	50,334,403 ¹
Total deductions	692,455,462	1,230,689,496	2,290,593,808	2,733,105,346	2,723,698,904	3,012,111,231 ¹
Cost of sales and operations	495,879,549	925,111,030	1,707,143,900	1,797,852,805	1,746,954,429	2,034,818,784
Interest paid	12,570,242	22,055,903	54,177,356	90,452,072	102,372,701	100,783,073
Net income (less deficit)	31,846,078	68,406,627	125,667,815	113,758,645	101,827,271	145,493,891 ¹
Net income	37,925,489	74,466,554	141,547,510	142,541,119	136,081,206	172,315,960 ¹
Deficit	6,079,411	6,059,927	15,879,695	28,782,474	34,253,935	26,822,069 ¹
Regular and alternative tax	16,744,905 ³	32,306,739	59,577,413	55,553,921	49,025,411	56,040,361
Total income tax after credits ⁴	13,242,226 ³	21,024,964	32,726,986	25,382,459	25,761,951	34,048,160
Distributions to stockholders except in own stock	14,616,282	19,973,061	37,306,509	n.a.	n.a.	n.a.

Selected Historical Data

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Table 14. (Continued)—Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items by Industrial Division, for Selected Income Years, 1970–1987

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Industrial division and items	1970	1975	1980	1985	1986	1987
	(1)	(2)	(3)	(4)	(5)	(6)
TRANSPORTATION AND PUBLIC UTILITIES						
Number of returns, total	67,398	80,701	111,324	138,337	138,428	147,893
Number with net income	38,204	45,360	62,232	69,938	68,517	80,304
Total assets	287,740,207	443,236,797	758,364,400	1,246,426,899	1,310,227,440	1,352,512,937
Net worth	121,205,022	176,444,407	290,655,693	490,481,127	502,486,821	510,064,082
Total receipts	135,495,271	243,480,637	523,807,396	772,358,188	762,231,202	786,179,466 ¹
Business receipts	131,463,171	234,689,427	507,372,820	733,943,970	717,929,024	736,633,389
Interest received	930,266	1,520,913	5,760,072	12,310,594 ²	12,050,844 ²	12,695,723 ¹
Total deductions	127,931,131	233,409,166	503,954,285	747,836,158	740,781,131	749,024,805 ¹
Cost of sales and operations	77,743,359	143,932,463	336,868,172	381,028,354	338,754,789	339,840,645
Interest paid	7,364,200	13,761,062	27,638,591	44,880,858	47,070,426	47,132,799
Net income (less deficit)	7,543,718	10,099,571	20,046,155	25,087,629	21,803,663	37,466,726 ¹
Net income	9,471,595	12,088,189	24,917,293	37,880,144	41,098,014	50,070,763 ¹
Deficit	1,927,877	1,988,618	4,871,138	12,792,516	19,294,351	12,604,037 ¹
Regular and alternative tax	4,342,334 ³	5,107,158	10,532,722	14,881,470	15,807,771	16,976,595
Total income tax after credits ⁴	4,036,650 ³	2,836,470	5,322,655	8,432,924	11,005,034	14,769,151
Distributions to stockholders except in own stock	5,837,565	8,900,353	17,329,807	n.a.	n.a.	n.a.
WHOLESALE AND RETAIL TRADE						
Number of returns, total	518,062	614,632	799,628	917,301	939,159	971,758
Number with net income	339,987	399,668	487,300	510,825	527,779	537,686
Total assets	192,181,800	323,496,726	646,901,005	1,009,965,739	1,073,523,697	1,177,668,920
Net worth	77,002,132	122,649,734	222,289,687	286,260,474	300,103,440	316,458,705
Total receipts	522,547,923	969,938,872	1,955,523,778	2,473,865,453	2,547,440,986	2,766,717,240 ¹
Business receipts	511,316,883	951,463,550	1,919,347,689	2,408,174,933	2,472,495,351	2,691,275,402
Interest received	1,291,906	3,857,318	10,503,989	21,633,480 ²	23,264,441 ²	22,041,565 ¹
Total deductions	512,910,193	947,511,780	1,919,454,218	2,440,403,373	2,512,081,940	2,728,491,327 ¹
Cost of sales and operations	392,391,856	745,299,204	1,538,128,634	1,869,766,621	1,895,237,380	2,076,485,794
Interest paid	4,309,663	8,587,173	25,645,855	38,217,998	39,961,980	43,641,104
Net income (less deficit)	9,671,044	22,489,430	38,309,671	33,126,702	34,919,948	38,040,057 ¹
Net income	12,395,411	27,681,721	49,426,500	51,434,500	55,246,479	60,276,175 ¹
Deficit	2,724,367	5,192,291	11,116,829	18,307,798	20,326,531	22,236,117 ¹
Regular and alternative tax	4,476,047 ³	8,103,316	13,515,623	16,130,885	16,862,842	14,672,865
Total income tax after credits ⁴	4,237,181 ³	7,348,619	10,564,358	13,396,555	15,166,086	13,994,767
Distributions to stockholders except in own stock	2,068,501	5,029,897	10,343,087	n.a.	n.a.	n.a.
FINANCE, INSURANCE, AND REAL ESTATE						
Number of returns, total	406,235	411,846	493,426	518,432	537,384	521,136
Number with net income	248,586	243,409	273,853	285,273	296,921	275,637
Total assets	1,401,153,520	2,321,965,956	4,022,206,073	7,029,452,681	7,985,641,912	8,732,320,235
Net worth	196,480,448	269,770,527	530,541,317	1,161,968,009	1,502,198,831	1,634,925,235 ^{1,5}
Total receipts	177,321,173	315,795,981	697,460,846	1,182,034,309	1,365,095,368	1,589,218,435
Business receipts	92,091,887	157,126,715	256,892,475	501,993,840	618,646,549	818,286,705 ^{1,5}
Interest received	63,694,046	127,040,303	315,146,115	541,268,193 ²	75,727,059 ²	606,143,965 ¹
Total deductions	161,630,060	297,963,817	652,637,787	1,104,572,202	1,245,473,109	1,476,737,395 ¹
Cost of sales and operations	48,434,362	84,614,209	129,644,330	237,577,803	320,622,944	470,673,440
Interest paid	34,548,509	77,677,659	219,167,684	363,009,417	35,193,465	364,541,038
Net income (less deficit)	12,214,079	11,663,330	33,122,792	60,670,526	99,808,908	87,403,218 ¹
Net income	15,081,939	18,825,003	46,040,390	90,546,934	131,284,234	129,179,849 ¹
Deficit	2,867,860	7,161,673	12,917,599	29,876,408	31,475,326	41,776,631 ¹
Regular and alternative tax	4,404,449 ³	5,558,647	9,680,755	13,369,981	17,799,986	18,510,796
Total income tax after credits ⁴	4,150,009 ³	4,673,705	7,699,628	10,193,877	14,665,774	16,342,990
Distributions to stockholders except in own stock	7,387,211	8,729,977	24,692,146	n.a.	n.a.	n.a.
SERVICES						
Number of returns, total	281,218	435,672	671,338	939,390	1,012,178	1,119,604
Number with net income	150,525	249,641	408,716	529,337	575,016	619,923
Total assets	61,875,140	90,534,067	178,163,737	330,982,941	381,609,099	435,561,919
Net worth	19,529,062	26,855,374	52,865,513	89,852,365	100,190,054	112,415,645
Total receipts	69,572,626	131,377,364	279,883,187	534,587,609	591,849,715	663,133,101 ¹
Business receipts	66,459,515	125,747,462	266,088,619	497,980,990	550,590,929	616,469,154
Interest received	435,070	875,506	3,269,412	6,561,301 ²	6,871,344 ²	7,806,764 ¹
Total deductions	68,384,452	127,996,443	271,792,974	528,685,613	584,295,930	653,953,599 ¹
Cost of sales and operations	37,733,747	63,724,869	129,352,692	176,070,808	196,127,453	219,817,625
Interest paid	1,802,802	3,279,438	8,033,612	15,027,259	15,718,343	19,750,647
Net income (less deficit)	1,198,703	3,396,744	8,193,903	5,883,782	7,448,023	9,251,928 ¹
Net income	3,384,869	6,025,592	13,246,601	21,124,460	8,116,081	27,731,097 ¹
Deficit	2,186,166	2,628,848	5,052,698	15,240,678	4,651,324	18,479,168 ¹
Regular and alternative tax	1,058,264	1,625,093	3,497,265	4,621,875	4,818,018	4,858,810
Total income tax after credits ⁴	1,003,130	1,323,637	2,603,370	3,343,830	3,863,565	4,212,339
Distributions to stockholders except in own stock	558,452	855,402	1,841,945	n.a.	n.a.	n.a.

See notes following Table 20.

Selected Historical Data

Table 15.—Corporation Profits Before Taxes Per National Income and Product Accounts (NIPA) and Per SOI, and Income Subject to Tax per SOI, Income Years, 1960–1989

[All figures are estimates—money amounts are in billion of dollars]

Income year	Profits before taxes (per NIPA) ¹	Net income (less deficit) (per SOI)	Income subject to tax (per SOI)
	(1)	(2)	(3)
1960	49.9	43.5	47.2
1961	49.8	45.9	47.9
1962	55.1	49.6	51.7
1963	59.8	54.3	54.3
1964	66.7	61.6	60.4
1965	77.4	73.9	70.8
1966	83.3	80.5	77.1
1967	80.1	78.2	74.8
1968	89.1	86.0	81.4
1969	87.2	80.2	81.2
1970	76.0	65.9	72.4
1971	87.3	79.7	83.2
1972	101.5	96.8	95.1
1973	122.2	120.4	115.5
1974	138.9	148.2	144.0
1975	134.8	142.6	146.6
1976	170.3	185.4	183.5
1977	200.4	219.2	212.5
1978	233.5	246.9	239.6
1979	257.2	284.6	279.4
1980	237.1	239.0	246.6
1981	226.5	213.6	241.5
1982	169.6	154.3	205.2
1983	207.6	188.3	218.7
1984	240.0	232.9	257.1
1985	224.3	240.1	266.1
1986	221.6	269.5	276.2
1987	275.3	328.2	311.8
1988	316.7	n.a.	n.a.
p1989	307.7	n.a.	n.a.

See notes following Table 20.

Table 16.—Gross Internal Revenue Collections: Amount Collected by Quarter and Fiscal Year, 1985–1990

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount collected by type of return					
	Total	Individual income taxes ¹	Corporation income taxes ²	Excise taxes ³	Employment taxes ⁴	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
FISCAL YEAR 1985, TOTAL	742,871	396,659	77,413	37,005	225,214	6,580
October 1984–December 1984	155,919	79,775	17,546	9,732	47,286	1,580
January 1985–March 1985	176,324	89,325	17,350	8,650	59,352	1,647
April 1985–June 1985	233,946	136,141	24,843	9,013	62,313	1,636
July 1985–September 1985	176,682	91,418	17,674	9,610	56,263	1,717
FISCAL YEAR 1986, TOTAL	782,252	416,965	80,442	33,672	243,978	7,195
October 1985–December 1985	167,836	86,608	18,854	9,321	51,354	1,699
January 1986–March 1986	186,178	97,804	16,243	8,175	62,309	1,647
April 1986–June 1986	240,680	134,129	25,703	8,191	70,687	1,970
July 1986–September 1986	187,558	98,424	19,642	7,985	59,628	1,879
FISCAL YEAR 1987, TOTAL	886,290	465,452	102,859	33,311	277,000	7,668
October 1986–December 1986	180,580	92,346	22,466	8,281	55,615	1,872
January 1987–March 1987	209,032	105,483	22,649	7,925	71,156	1,819
April 1987–June 1987	285,477	164,008	29,748	8,493	81,139	2,089
July 1987–September 1987	211,201	103,615	27,996	8,612	69,090	1,888
FISCAL YEAR 1988, TOTAL	935,107	473,667	109,683	25,934	318,039	7,784
October 1987–December 1987	197,095	97,479	24,828	6,475	66,500	1,813
January 1988–March 1988	220,447	111,215	22,006	5,304	80,161	1,761
April 1988–June 1988	296,175	160,018	35,991	6,550	91,426	2,190
July 1988–September 1988	221,390	104,955	26,858	7,605	79,952	2,020
FISCAL YEAR 1989, TOTAL	1,013,322	515,732	117,015	25,977	345,625	8,973
October 1988–December 1988	213,518	104,522	29,551	6,657	70,632	2,156
January 1989–March 1989	235,883	114,475	20,760	6,097	92,587	1,964
April 1989–June 1989	331,478	180,947	40,825	6,900	100,077	2,729
July 1989–September 1989	232,441	115,788	25,879	6,323	82,329	2,124
FISCAL YEAR 1990, TOTAL	1,056,365	540,228	110,017	27,139	367,219	11,762
October 1989–December 1989	220,077	110,077	26,390	6,184	74,982	2,444
January 1990–March 1990	249,737	127,277	21,433	5,868	92,868	2,291
April 1990–June 1990	341,287	181,180	37,398	8,144	110,281	4,284
July 1990–September 1990	245,264	121,694	24,796	6,943	89,088	2,743

See notes following Table 20.

Table 17.—Internal Revenue Refunds: Amount Refunded By Quarter and Fiscal Year, 1985–1990

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount refunded by type of return					
	Total	Individual income taxes ¹	Corporation income taxes ²	Excise taxes ³	Employment taxes ⁴	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
FISCAL YEAR 1985, TOTAL	86,322	66,908	16,725	892	1,606	191
October 1984–December 1984	6,729	2,246	4,177	122	138	46
January 1985–March 1985	17,664	12,808	4,286	91	439	40
April 1985–June 1985	52,376	46,370	4,701	556	702	47
July 1985–September 1985	9,551	5,484	3,561	123	326	57
FISCAL YEAR 1986, TOTAL	94,424	73,078	18,297	962	1,800	287
October 1985–December 1985	7,948	3,003	4,268	128	488	61
January 1986–March 1986	25,895	19,950	4,997	320	577	51
April 1986–June 1986	50,200	44,375	5,058	232	435	100
July 1986–September 1986	10,381	5,750	3,974	282	300	75
FISCAL YEAR 1987, TOTAL	96,969	73,583	19,891	1,381	1,900	214
October 1986–December 1986	8,668	3,406	4,789	111	312	50
January 1987–March 1987	28,422	22,198	5,296	479	393	56
April 1987–June 1987	50,063	42,858	5,948	332	869	57
July 1987–September 1987	9,816	5,121	3,858	459	326	52
FISCAL YEAR 1988, TOTAL	94,480	74,399	16,477	1,114	2,263	227
October 1987–December 1987	7,701	3,437	3,727	207	275	55
January 1988–March 1988	27,798	21,744	5,248	198	553	55
April 1988–June 1988	49,202	43,769	3,848	421	1,114	50
July 1988–September 1988	9,776	5,449	3,654	288	321	67
FISCAL YEAR 1989, TOTAL	93,613	73,597	14,921	2,054	2,771	269
October 1988–December 1988	8,380	3,362	4,461	118	359	80
January 1989–March 1989	32,041	26,759	4,462	182	570	67
April 1989–June 1989	43,538	38,895	3,849	350	381	63
July 1989–September 1989	9,654	4,581	2,149	1,404	1,461	59
FISCAL YEAR 1990, TOTAL	99,856	76,085	18,324	2,261	2,677	329
October 1989–December 1989	8,487	3,094	4,605	300	409	79
January 1990–March 1990	37,121	31,367	4,922	342	423	67
April 1990–June 1990	43,308	36,952	4,209	549	1,492	106
July 1990–September 1990	10,740	4,652	4,588	1,070	353	77

See notes following Table 20.

Selected Historical Data

Table 18.—Classes of Excise Taxes by Selected Fiscal Years, 1970–1990

[Money amounts are in thousands of dollars]

Selected class of tax	Taxes collected by fiscal year					
	1970	1975	1980	1985	1988	1989
	(1)	(2)	(3)	(4)	(5)	(6)
ALCOHOL AND TOBACCO TAXES, TOTAL	6,840,594	7,665,948	8,151,184	9,881,293	10,480,753¹	10,229,638¹
Distilled spirits	3,469,508	3,851,837	3,927,235	3,501,559	3,844,421	3,862,326
Wine	180,353	172,440	211,493	305,339	299,819	270,061
Beer	1,076,148	1,305,034	1,545,441	1,569,726	1,678,070	1,806,971
Cigarettes and Cigars	2,092,935	2,312,342	2,442,357	4,473,210	4,522,533	4,290,280
MANUFACTURERS EXCISE TAXES, TOTAL	6,683,061	5,516,611	6,487,421	10,020,574	10,643,379	11,213,143
Gasoline and gasohol	3,517,586 ²	4,071,465 ²	4,326,549	9,062,630	9,453,441	9,957,579
Tires, tubes and tread rubber ³	614,795	697,660	682,624	242,923	319,141	312,829
Motor vehicles, bodies, parts ⁴	1,753,327	662,556	1,088,696	N/A	N/A	N/A
Recreational products	53,427	84,946	136,521	166,666	169,663	224,478
Black lung taxes	N/A	N/A	251,288	548,356	601,279	588,800
SPECIAL FUELS, AND RETAILERS TAXES, TOTAL⁵	257,820	404,187	560,144	3,802,608	4,528,300	5,622,564
Diesel and special motor fuels	257,712	370,489	512,718	2,430,165	3,119,934	3,912,604
Truck and trailer chassis and bodies	N/A	N/A	N/A	1,289,750	1,155,808	1,258,900
MISCELLANEOUS EXCISE TAXES, TOTAL	2,084,730	3,306,077	6,359,198	11,044,833	8,717,082	9,316,603
Telephone and teletype ⁶	1,469,562	2,023,744	1,117,834	2,307,607	2,555,082	2,820,528
Air transportation	250,802	850,567	1,748,837	2,589,818	3,145,422	3,569,447
Highway use tax	135,086	207,663	263,272	456,143	570,053	574,698
Foreign insurance	8,614	19,458	74,630	73,494	97,270	63,511
Exempt organization net investment income	N/A	63,828	65,280	136,153	229,379	168,814
Crude oil windfall profit ⁷	N/A	N/A	3,051,719	5,073,159	372,847	29,997
Environmental taxes ⁸	N/A	N/A	N/A	272,957	924,951	1,009,760

Selected class of tax	Fiscal year quarter ending					
	March 1989	June 1989	Sept. 1989	Dec. 1989	March 1990	June 1990
	(7)	(8)	(9)	(10)	(11)	(12)
ALCOHOL AND TOBACCO TAXES, TOTAL¹	2,407,574	2,486,435	2,591,579	2,781,735	2,175,944	2,663,967
Distilled spirits	872,127	804,609	1,146,581	1,138,798	806,318	1,113,806
Wine	165,077	202,208	301,524	94,118	54,033	56,840
Beer	316,510	363,789	696,107	387,642	365,029	446,300
Cigarettes and cigars	1,053,860	1,115,829	1,050,415	1,147,560	945,553	979,920
MANUFACTURERS EXCISE TAXES, TOTAL	2,836,045	2,523,743	2,822,633	2,871,408	2,741,716	2,483,185
Gasoline and gasohol	2,542,787	2,224,923	2,470,701	2,535,410	2,457,312	2,130,973
Tires, tubes and tread rubber ³	76,402	70,104	79,799	82,904	49,804	75,334
Recreational products	49,047	62,091	60,211	53,156	50,527	66,498
Black lung taxes	143,200	128,300	168,600	156,900	157,700	169,500
SPECIAL FUELS AND RETAILERS TAXES, TOTAL⁵	1,657,015	1,067,603	1,199,666	1,139,256	1,131,185	1,067,329
Diesel and special motor fuels	1,136,524	729,706	821,303	807,391	795,360	750,115
Truck and trailer chassis and bodies	313,687	283,667	353,872	295,819	303,019	285,473
MISCELLANEOUS EXCISE TAXES, TOTAL	2,352,971	2,195,379	2,790,514	2,061,623	2,009,090	2,561,100
Telephone and teletype ⁶	916,426	736,957	563,249	902,758	697,713	720,844
Air transportation	833,030	840,613	1,029,991	801,217	799,064	810,076
Highway use tax	124,239	102,160	299,836	48,819	135,467	94,487
Foreign insurance	28,862	5,330	11,562	15,881	13,202	23,113
Exempt organization net investment income	28,128	63,630	50,471	25,518	40,880	80,080
Crude oil windfall profit ⁷	49,356	-2,204	8,372	-35,652	-15,967	-204,098
Environmental taxes ⁸	257,800	247,070	250,130	244,260	243,430	416,393

See notes following Table 20.

Table 19.—Selected Returns and Forms Filed or to be Filed During Selected Calendar Years, 1970–1991

Type of return or form	Number Filed in Calendar Year—						
	1970	1975	1980	1985	1989	1990	1991 (Projected)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Individual income	77,281,384	84,026,785	93,196,076	99,704,246	r110,129,087	112,596,000	113,724,000
Form 1040	77,143,251	61,450,279	55,360,030	64,010,068	71,671,599	74,488,600	74,786,200
Nonbusiness	68,129,351	51,377,153	43,957,141	49,873,300	56,076,424	58,318,300	58,543,700
Business	9,013,900	10,073,126	11,402,889	14,136,768	15,595,175	16,170,200	16,242,500
Schedule C	6,351,304	7,438,968	8,944,298	11,767,348	13,528,998	14,149,000	14,325,900
Schedule F	2,662,596	2,634,158	2,458,591	2,369,420	2,066,177	2,021,300	1,916,600
Form 1040A	N/A	22,462,776	37,692,282	18,779,084	18,713,110	18,380,000	19,529,100
Form 1040EZ	N/A	N/A	N/A	16,739,767	r19,483,620	19,436,400	19,105,700
Other ¹	138,133	113,730	143,764	175,327	r260,758	291,000	303,000
Corporation income	1,772,600	2,132,758	2,675,704	3,437,249	4,196,872	4,319,500	4,488,300
Forms 1120, L, M and PC ²	1,523,664	1,762,920	2,115,542	2,432,265	2,438,779	2,334,600	2,283,700
Form 1120A	N/A	N/A	N/A	199,665	296,726	332,000	331,600
Form 1120S	248,936	367,219	528,070	736,945	1,351,092	1,536,100	1,751,900
Other ³	—	2,619	32,092	68,374	110,275	116,800	121,100
Partnership, Form 1065	991,904	1,132,839	1,401,567	1,755,339	1,779,617	1,750,900	1,680,500
Fiduciary, Forms 1041 and 1041S	1,149,445⁴	1,558,570	1,876,392	2,124,969	2,625,347	2,680,900	2,834,000
Estate Tax, Forms 706 and 706NA	141,156	225,827	147,303	80,768	55,833	60,400	65,700
Gift Tax, Form 709	146,338	273,184	214,789	97,720	123,530	147,700	143,800
Exempt Organization	387,469	403,809	442,607	454,097	491,060	487,400	518,600
Form 990	377,030 ⁵	346,627	362,632	365,506	r367,654	359,700	386,600
Form 990-PF	N/A	29,637	33,137	32,005	43,791	44,700	44,700
Form 990-T	5,046	19,683	23,455	26,181	37,991	39,100	40,800
Forms 990C, 4720, and 5227	5,393	7,862	23,383	30,405	41,624	43,900	46,500

See notes on following Table 20.

Table 20.—Taxpayers Receiving Assistance, Paid and Unpaid, by Tax Year of Return, 1986–1989

(Some estimates based on samples—all amounts are in thousands)

Type of assistance	Tax year			
	1986	1987	1988	1989
	(1)	(2)	(3)	(4)
Returns with paid preparer signature:¹				
All returns	48,049	50,991	51,507	54,220
1040EZ	655	836	887	744
1040A	4,135	3,922	4,290	4,741
1040, total	43,259	46,232	46,330	48,735
1040 Business, total	11,087	11,398	11,570	12,685
Nonfarm	9,385	9,824	9,981	11,106
Farm	1,702	1,575	1,590	1,578
1040 Nonbusiness, total	32,172	34,834	34,759	36,050
With itemized deductions	18,732	16,965	14,929	16,976
Without itemized deductions	12,627	17,868	19,831	19,074
Assistance provided by IRS:²				
Telephone inquiries	34,655	38,526	36,982	22,556
Recorded telephone information	10,892	13,405	27,812	18,104
Office walk-ins, information	7,090	7,408	7,008	5,061
Written inquiries	169	166	187	97
Special programs:				
Community classes and seminars (taxpayers assisted)	903	1,013	952	539
Volunteer Income Tax Assistance (VITA) (returns prepared)	337	387	404	347
Tax Counseling for the Elderly (returns prepared)	331	377	419	275

See notes on following page.

General notations

N/A - Not applicable

n.a. - Not available

p - Preliminary

r - Revised

* - See also Appendix, General Description of Statistics of Income Sample Procedures and Data Limitations.

Table 1

- [1] Starting with 1987, represents total dividends; previously it represented total dividends after statutory exclusion.
- [2] Starting with 1987, represents total capital gains; previously it represented total capital gains after statutory exclusion.
- [3] Starting with 1988, does not include IRA distributions; previously pensions and IRA distributions in AGI were reported together.
- [4] Includes total itemized deductions before subtraction of "zero bracket amount," and, for 1985 and 1986, charitable contributions and zero bracket amount on non-itemized deduction returns.
- [5] Includes itemized deductions, "basic" standard deduction and "additional" standard deduction (for age 65 and over and for blindness). Also includes "zero bracket amount" reported on the small number of prior-year returns filed in 1988 (or 1989) that were included in the 1987 (or 1988) statistics.
- [6] Includes deductions not shown separately below.
- [7] Includes surcharge of \$2,018,078,000.
- [8] Includes credits not shown separately below.
- [9] Investment credit was included in the more-inclusive general business tax credit beginning with 1984. With exceptions, investment credit was repealed effective with 1986.

- [10] Includes income tax after credits and the additional tax for tax preferences, i.e., "minimum tax" (applicable for 1970-1982) and "alternative minimum tax" (applicable after 1979).

SOURCE: *Statistics of Income--Individual Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 2

- [1] Totals in Table 2 do not agree with Tables 1 and 3 because they were obtained from a different source. For purposes of Table 2:
 - a. "Number of exemptions" also includes responses of taxpayers who checked the age or blindness boxes on their tax return in order to claim additional standard deductions. This treatment maintains comparability with State data for years prior to 1987. Prior to 1987, checking these boxes entitled taxpayers to additional personal exemptions.
 - b. "Itemized deductions" includes any amounts reported by the taxpayer that were not used in computing taxable income.
 - c. "Total tax liability" includes income tax after credits, alternative minimum tax, tax from recomputing prior-year investment or low-income housing credits, tax applicable to Individual Retirement Arrangements (IRA's), self-employment tax, social security tax on tip income, and certain other income-related taxes. Total tax liability is before reduction by earned income credit (see also footnote 1(d), below).
 - d. Columns 20 and 21 include both the refundable and nonrefundable portions of the earned income credit. Earned income credit, available to certain low-income workers, could result in a refund (1) if there was no "total tax liability" (as defined in footnote (1)c, above), in which case the full amount was refundable, or

(2) if the credit exceeded "total tax liability," in which case the excess was refundable.

Total tax (column 18) minus earned income credit (column 21) is the amount most comparable to total tax in Tables 1 and 3. The total tax which results from this subtraction differs from Tables 1 and 3 because it includes additional taxes (see footnote 1(c) above) and because earned income credit used to offset tax also includes both the refundable portion (see footnote 1(d)), as well as amounts offset against these additional taxes.

- [2] Includes returns with adjusted gross deficit.
- [3] Includes, for example, returns filed from Army Post Office and Fleet Post Office addresses by members of the armed services stationed overseas; returns filed by other U.S. citizens abroad; and returns filed by residents of Puerto Rico with income from sources outside Puerto Rico or with income earned as U.S. Government employees.

NOTE: This table presents aggregates of all returns (Forms 1040, 1040A, and 1040EZ) filed and processed through the Individual Master File (IMF) system during Calendar Year 1990. Data have not been edited for Statistics of Income purposes.

SOURCE: Internal Revenue Service, Tax Processing Systems Division, IMF Returns Systems Branch.

Table 3

- [1] Includes returns with adjusted gross deficit.
- [2] In addition to low income taxpayers, this size class (and others) includes taxpayers with "tax preferences," not reflected in adjusted gross income or taxable income, which are subject to the "alternative minimum tax" (included in "total income tax").
- [3] Includes income tax after credits and the additional tax for tax preferences, i.e., the "alternative minimum tax" (see footnote 2).
- [4] There were major changes in filing requirements and in the definitions of adjusted gross income

(AGI) and taxable income starting with 1987. Percentages based on AGI for 1987 and 1988 are therefore not comparable with 1986 and earlier years. For explanation, see *"Individual Income Tax Returns, Preliminary Data 1988," Statistics of Income Bulletin*, Spring 1990, Volume 9, Number 4, and *Statistics of Income--1987, Individual Income Tax Returns*.

SOURCE: *Statistics of Income--Individual Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 4

- [1] Imputed interest received by persons from life insurance carriers and private non-insured pension plans.
- [2] Represents income of low-income individuals not required to file individual income tax returns, unreported income, and statistical errors or omissions.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929-82: Statistical Tables*, 1986; for years after 1982, *Survey of Current Business*, various issues. Statistics of Income data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Tables 5 and 6

- [1] See Table 4 for the differences between personal income and adjusted gross income.
- [2] Beginning with 1987, data are not comparable with earlier years because of major changes in the definition of adjusted gross income.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product*

Accounts of the United States, 1929-82: Statistical Tables, 1986; for years after 1982, *Survey of Current Business*, various issues. Statistics of Income data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 7

- [1] Amount of standard deduction for 1944-1957 estimated by Joseph A. Pechman, The Brookings Institution, on the basis of the distribution of the number of tax returns by income classes and marital status in *Statistics of Income--Individual Income Tax Returns*, and, for 1958-1988, obtained directly from Statistics of Income tabulations for these years. Represents "zero bracket amount" for 1977-1986. Starting with 1987, represents the sum of "basic" and "additional" standard deductions (for age 65 and over and for blindness); also includes zero bracket amount reported on the small number of prior-year returns filed in 1988 (or 1989) that were included in the 1987 (or 1988) statistics.
- [2] Returns with standard deduction, 1955-1988, includes a small number with no adjusted gross income and no deductions. (For 1977-1986, standard deduction is the "zero bracket amount," which was also reported on a small number of returns included in the 1987 and 1988 statistics; see footnote 1.) For 1944-1954, includes a small number with no adjusted gross income and no deductions. For 1944-1954, returns with no adjusted gross income are included in the number of returns with itemized deductions.
- [3] For 1977-1986, itemized deductions are before subtraction of "zero bracket amount."
- [4] Sum of standard and itemized deductions, plus charitable deduction reported on standard deduction returns for Tax Years 1982-1986. For 1987 and 1988, total deductions includes "zero bracket amount" reported on a small number of returns (see footnote 1).

- [5] See footnote 2, Tables 5 and 6.

SOURCE: Except as indicated in footnote 1, *Statistics of Income--Individual Income Tax Returns*, and unpublished tables, appropriate years. Data are subject to sampling error. Tax law and form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of changes mentioned above.

Table 8

- [1] See Table 4 for the differences between personal income and adjusted gross income.
- [2] Taxable income excludes "zero bracket amount" for 1977-1986. Because of major changes in law, taxable income starting with 1987 is not comparable with earlier years.
- [3] For the definition of total income tax, see footnote 10, Table 1.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929-82: Statistical Tables*, 1986; for years after 1982, *Survey of Current Business*, various issues; and *Statistics of Income--Individual Income Tax Returns*, appropriate years. Statistics of Income data are subject to sampling errors; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 9

SOURCE: *Statistics of Income--Individual Income Tax Returns*, and unpublished tables, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific *Statistics of Income* reports for a description of sampling error and of the changes mentioned above.

Table 10

- [1] Includes disallowed passive losses. Therefore, business receipts minus total deductions do not equal net income (less deficit).

SOURCE: *Statistics of Income--Sole Proprietorship Returns*, appropriate years, and *SOI Bulletin*, Summer issues (for most recent years). Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 11

- [1] Total assets, total liabilities, and partners' capital account are somewhat understated because not all partnership returns included a complete balance sheet.
- [2] Short-term debt is the abbreviated title given to mortgages, notes, and bonds payable in less than 1 year.
- [3] Long-term debt is the abbreviated title given to mortgages, notes, and bonds payable in 1 year or more. In addition, for Tax Year 1975, long-term debt included nonrecourse loans.
- [4] Prior to 1981, "total receipts" included gross receipts from farming and gross income from rents and royalties. Expenses related to farming, rents and royalties were included under "total deductions." Starting with 1981, only the *net* income from farming, rents and royalties was included under total receipts. Expenses related to farming, rents and royalties were not tabulated.
- [5] Prior to 1981, if gross rentals were reported as the principal operating income, they were included in "business receipts."
- [6] For 1982-1986, also includes certain dividends. Starting with 1987, represents only portfolio interest distributed to partners.
- [7] After 1980, represents the more all-inclusive amounts reported in depreciation computation schedules rather than the amounts reported as the depreciation deduction (augmented by depreciation identified in cost of sales and operations schedules).

SOURCE: *Statistics of Income--Partnership Returns*, appropriate years, and *SOI Bulletin*, Summer issues (for most recent years). Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 12

- [1] Size classes are based on business receipts, i.e., gross amounts from sales and operations, for industries except those in finance, insurance and real estate. For the latter industries, total receipts, which is the sum of business receipts and investment income, was used. For partnerships, comparability of data by size of receipts is affected by revisions to the definition of receipts; see also footnotes 4 and 5, Table 11. To help minimize the break in comparability caused by this change in statistical treatment of farm and rental income, an effort was made starting with 1981 to include rental (though not farm) gross receipts in the receipts used for the size distribution in Table 12.
- [2] Includes returns with no business receipts.
- [3] Includes corporations with zero assets and liabilities. In addition, for partnerships, includes partnerships without balance sheet information (see also footnote 5, below).
- [4] See footnote 4, Table 11.
- [5] Prior to 1979, partnerships that had liquidated were assumed to have zero assets and liabilities, even if their balance sheets showed otherwise, and were included in the "under \$25,000" asset size class. Beginning with 1980, balance sheet data reported for liquidated partnerships were tabulated as reported and were included in the appropriate asset size classes.

SOURCE: *Statistics of Income--Corporation Income Tax Returns*, appropriate years, *Statistics of Income--Partnership Returns*, appropriate years, *Statistics of Income--Sole Proprietorship Returns*, appropriate years, and *SOI Bulletin*, Summer issues (for most recent years). Tax law and tax form changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description

of sampling error and of the changes mentioned above.

Table 13

[*] Estimate should be used with caution because of the small number of sample returns on which it is based.

[1] Consolidated returns were filed on an elective basis for affiliated groups of corporations (with exceptions), in general, if 80 percent or more of the stock of the affiliates was owned within the group and a common parent corporation owned at least 80 percent of the stock of at least one of the affiliates.

[2] Included in "Number of returns, total" and "Number with net income."

[3] Generally, small corporations with no more than 35 shareholders (10 prior to 1983), most of whom were individuals, that elected to be taxed at the shareholder level.

[4] Domestic International Sales Corporations (DISC's) were designed to promote U.S. exports. They were taxed through parent corporations, but only when profits were distributed or deemed distributed to them. This system of tax deferral was generally replaced after 1984 with a new system of Foreign Sales Corporations (FSC's); see footnote 5. Tax benefits of DISC's remaining after 1984 were limited and an interest charge for tax-deferred amounts was imposed on the parent corporations.

[5] Foreign Sales Corporations (FSC's) generally replaced DISC's as a means of promoting U.S. exports (see footnote 4). Under the FSC provisions, a portion of these subsidiaries' "foreign trade income" was exempt from U.S. income tax.

[6] Starting with 1987, "business receipts" includes the full amount reported by stock and commodity brokers and exchanges, and by real estate subsidiaries, developers and operative builders, even when they bought and sold securities, com-

modities and real estate on their own account. Previously, such transactions were treated as "net gain (loss), noncapital assets."

[7] Starting with 1987, receipts, deductions and net income (or deficit) of S Corporations are limited to those attributable to trade or business. Therefore, investment or portfolio income (or loss), such as from interest, dividends, rents, royalties, and gain (loss) from sales of investment property, and the deductions related to this income, are excluded from net income (and allocated directly to shareholders).

[8] Includes dividends reported in combination with interest on Form 1120-S by S Corporations, i.e., certain corporations that elect to be taxed through shareholders (see footnote 3). Based on prior years when Form 1120-S required each to be reported separately, nearly all of the combined amount represents interest.

[9] Beginning with 1984, "other deductions" includes depletion and employer contributions to pension, profit-sharing, stock bonus and annuity plans and to employee benefit programs reported on the Form 1120-A short form.

[10] For most years, "income subject to tax" (the corporate tax base) exceeds "net income less deficit" chiefly because of the deficits reported on returns without net income. Moreover, it is the sum of the several tax bases applicable over time to different classes of corporations, not all of which were directly related to net income. Income subject to tax thus includes the "taxable income" base used by most companies (and defined as net income minus certain statutory special deductions); a variation of this base in combination with net long-term capital gains in certain situations, when the lower capital gains tax applied; the special tax bases applicable to S Corporations and insurance businesses; and the amounts taxable to certain investment companies. Profits of Domestic International Sales Corporations were tax-deferred; most of those of qualifying Foreign Sales Corporations were tax-exempt; and those of S Corporations were taxed (with some exceptions) through their individual shareholders, so

that the net income of these corporations is excluded from income subject to tax.

- [11] Includes surcharge of \$784,437,000.
- [12] Effective with Tax Years beginning in 1987, the "alternative minimum tax" replaced the "minimum tax" (formerly referred to as the "additional tax for tax preferences").
- [13] General business credit includes alcohol fuel, investment, jobs, and employee stock ownership plan (ESOP) contributions credits which were reported separately for previous years, and, starting with 1986, research credit (formerly reported separately) and low-income housing credit. With exceptions, investment credit was repealed effective 1986. Employee stock ownership plan contributions credit was also repealed as of December 31, 1986.

NOTE: Detail may not add to totals because of rounding.

SOURCE: *Statistics of Income--Corporation Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 14

- [1] See footnote 7, Table 13.
- [2] See footnote 8, Table 13.
- [3] See footnote 11, Table 13.
- [4] Also includes additional tax for tax preferences ("minimum tax"), for years prior to 1987; "alternative minimum tax" starting in 1987; tax from recomputing prior-year investment credit and work incentive (WIN) credit for 1975 and 1980; Personal Holding Company tax; and, beginning with 1987, environmental tax. Credits include those appropriate for the given tax year (see Table 13).

- [5] See footnote 6, Table 13.

SOURCE: *Statistics of Income--Corporation Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 15

- [1] Profits shown are without inventory valuation and capital-consumption adjustments.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929-82: Statistical Tables*, 1986; for years after 1982, *Survey of Current Business*, various issues; and *Statistics of Income--Corporation Income Tax Returns*, appropriate years. Statistics of Income data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Tables 16 and 17

- [1] Individual income tax collected includes that portion which was designated for the presidential election campaign fund by taxpayers on their returns. Also included is the fiduciary income tax collected (from estates and trusts). Fiduciary income tax collected was \$6.0 billion in 1989, \$6.5 billion in 1988, \$8.4 billion in 1987, and \$4.5 billion in 1986. Presidential election campaign designations amounted to \$32.3 million in 1989, \$34.4 million in 1988, \$33.2 million in 1987, and \$35.9 million in 1986.
- [2] Corporation income tax collected includes various taxes applicable to tax-exempt organizations, including the tax on "unrelated business income." Total taxes collected from tax-exempt organizations were \$115.6 million (1989), \$137.5 million (1988), \$119.9 billion (1987), and \$30.2 million (1986).
- [3] Excise taxes are imposed on selected products, services, and activities, such as on sales of al-

cohol and tobacco products and on the manufacture of gasoline.

- [4] Employment taxes include payroll taxes levied on salaries and wages, such as social security, railroad retirement, and unemployment taxes; plus the self-employment tax imposed on "self-employment income."

NOTES: Refunds in Table 17 are associated with the taxes described in footnotes 1-4, Table 16. Collections (or refunds) are those made during the time periods indicated, regardless of the year or other period during which the tax liability was incurred (or to which the refund applied).

Collections represent the gross amounts before refunds and include amounts paid with the return; prior to filing the return (as applicable, income tax withheld by employers and estimated tax payments); and subsequent to filing the return (chiefly the result of initial return processing or of examination and enforcement activities). Collections also include interest and penalties.

Refunds result chiefly from tax overpayments determined at time of filing a return. Also included are amounts subsequently determined as due the taxpayer as a result of an amended return or a claim for refund (including those produced by "net operating loss" and other carryback adjustments from future taxable years); or as a result of initial return processing or of IRS examination and other activities. Individual income tax refunds are net of offsets under laws which require IRS to act as collection agent for delinquent payments owed various U.S. agencies under specific programs. All refund data include interest paid by IRS.

Detail may not add to totals because of rounding.

SOURCE: Internal Revenue Service, Returns Processing and Accounting Division, Accounting Branch; and Bureau of Alcohol, Tobacco and Firearms, U.S. Department of Treasury.

Table 18

- [1] Alcohol and tobacco taxes each include special (occupational) taxes prior to Fiscal Year 1988. Starting with FY 1988, occupational taxes are excluded from the separate amounts shown for

alcohol and tobacco taxes although they are reflected in the combined total for all alcohol and tobacco taxes.

- [2] Also includes lubricating oil taxes. Effective January 7, 1983, taxes on lubricating oil were repealed.
- [3] Effective January 1, 1984, taxes on tubes and tread rubber were repealed, (and dealers holding taxable tires were assessed a one-time floor stock tax for that year).
- [4] Effective January 7, 1983, taxes on parts and accessories for trucks and buses, which are included in this classification, were repealed. Beginning with the quarter ending December 1983, motor vehicles are excluded.
- [5] Special fuels, total, includes diesel and special motor fuels which were classified as miscellaneous excise taxes in 1970. Beginning with the quarter ending December 1983, motor vehicles are included.
- [6] Effective January 1, 1983, the tax increased from 1 percent to 3 percent.
- [7] Repealed effective August 23, 1988. Amounts reported for more recent quarters result from amended filings, delinquent taxes, examination activities, and refunds.
- [8] Expired September 30, 1985; reimposed January 1, 1987.

NOTES: For 1970 and 1975, the fiscal year was defined as July of the previous calendar year through June of the year noted. Starting with 1980, the fiscal year was defined as October of the previous calendar year through September of the year noted.

Starting with Fiscal Year 1988, additional detail on manufacturers' excise taxes, retailers' and special fuel taxes, and miscellaneous excise taxes is available in the fourth quarter *Internal Revenue Report of Excise Taxes*; previously this information was published in the *Annual Report of the Commissioner and Chief Counsel*,

Internal Revenue Service. For additional detail for alcohol and tobacco taxes, see the Statistical Release, "Alcohol and Tobacco Tax Collections," Bureau of Alcohol, Tobacco and Firearms, U.S. Department of the Treasury.

SOURCE: U.S. Department of the Treasury, Internal Revenue Service, Returns Processing and Accounting Division, Revenue and Accounting Branch; and Bureau of Alcohol, Tobacco and Firearms, U.S. Department of the Treasury.

Table 19

- [1] Includes Forms 1040C, 1040NR, 1040PR, and 1040SS; excludes amended returns (Form 1040X).
- [2] Starting with Calendar Year 1988, includes Form 1120-PC and excludes Form 1120-M.
- [3] Includes Forms 1120F, 1120 POL, and 1120H; starting with Calendar Year 1986, Forms 1120-FISC; and starting with Calendar Year 1988, Forms 1120-REIT and 1120-RIC; excludes Forms 1120-DISC and IC-DISC, and amended returns (Form 1120X).
- [4] Includes Form 1041A.
- [5] Includes Form 990A.

SOURCE: Internal Revenue Service, Research Division, Projections and Forecasting Group.

Table 20

- [1] Estimates of returns with paid preparer assistance for all years except 1986 and 1989 are

based on the full-year sample of returns used for *Statistics of Income--Individual Income Tax Returns*. Since data on paid preparers were not available from the 1986 and 1989 SOI data bases, estimates were obtained by converting the Taxpayer Usage Study (TPUS) sample to the equivalent of the SOI sample. This was done because the TPUS sample represented returns filed through April, while the SOI sample represents all individual income tax returns filed in a calendar year. For additional information about prior-year TPUS samples, see, for example, "Taxpayer Usage of Forms 1040, 1040A, and 1040EZ," *Statistics of Income Bulletin*, Fall 1989, Volume 9, Number 2.

- [2] Data on IRS Taxpayer Service Programs are collected on a fiscal year basis. In general, assistance rendered in a given fiscal year may be related to returns due on April 15th during that fiscal year and are for the tax year ending with the previous December. Therefore, data in Table 20, which are presented on a tax year basis, are actually for a fiscal year, so that data shown as for Tax Year 1988, for example, are actually for Fiscal Year 1989. However, data shown as for Tax Year 1989 are actually for the first 7 months of Fiscal Year 1990; the revised data will represent the entire Fiscal Year 1990.

NOTE: Data on IRS assistance represent taxpayer contacts. Some taxpayers make more than one contact. The number of taxpayers assisted (in contrast to the number of contacts made) is not known.

SOURCE: Data on paid preparers were obtained from Statistics of Income and Taxpayer Usage Study samples. Data on IRS assistance were compiled by the Taxpayer Service Division.

Appendix*

General Description of Statistics of Income Sample Procedures and Data Limitations

This appendix discusses typical sampling procedures used in most Statistics of Income (SOI) programs. Aspects covered briefly include sampling criteria, selection techniques, methods of estimation, and sampling variability. Some of the nonsampling error limitations of the data are also described, as well as the tabular conventions employed.

Additional information on sample design and data limitations for specific SOI studies can be found in the separate SOI reports (see the References at the end of this Appendix). More technical information is available, upon request, by writing to the Director, Statistics of Income Division, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608.

SAMPLE CRITERIA AND SELECTION OF RETURNS

Statistics compiled for the SOI studies are generally based on stratified probability samples of income tax returns or other forms filed with the Internal Revenue Service (IRS). The statistics do not reflect any changes made by the taxpayer through an amended return or by the IRS as a result of an audit. As returns are filed and processed for tax purposes, they are assigned to sampling classes (strata) based on criteria such as: industry, presence or absence of a tax form or schedule, accounting period, State from which filed, and various income factors or other measures of economic size (total assets, for example, is used for the corporation and partnership statistics). The samples are selected from each stratum over the appropriate filing periods. Thus, sample selection can continue for a given study for several calendar years--3 for corporations because of the prevalence of fiscal (non-calendar) year reporting. Because sampling must take place before the population size is known precisely, the rates of sample selection within each stratum are fixed. This means, in practice, that both the population and the sample size can differ from that planned. However, these factors do not compromise the validity of the estimates. The probability of a return being designated depends on its sample class or stratum and may range from a fraction of 1 percent to 100 percent. Considerations in determining the selection probability for each stratum include the number of returns

in the stratum, the diversity of returns in the stratum, and interest in the stratum as a separate subject of study. All this is subject to constraints based on the estimated cost or the target size of the total sample for the program.

For most SOI studies, returns are designated by computer from the IRS Master File based on the taxpayer identification number (TIN), which is either the social security number (SSN) or the employer identification number (EIN). A fixed and essentially random number is associated with each possible TIN. If that random number falls into a range of numbers specified for a return's sample stratum, then it is selected and processed for the study. Otherwise, it is counted (for estimation purposes) but not selected. In some cases, the TIN is used directly by matching specified digits of it against a predetermined list for the sample stratum. A match is required for designation.

Under either method of selection, the TIN's designed from one year's sample are for the most part selected for the next year's, so that a very high proportion of the returns selected in the current sample are from taxpayers whose previous years' returns were included in earlier samples. This longitudinal character of the sample design improves the estimates of change from one year to the next.

METHOD OF ESTIMATION

As noted above, the probability with which a return is selected for inclusion in a sample depends on the sampling rate prescribed for the stratum in which it is classified. Weights are, in general, computed by dividing the count of returns filed for a given stratum by the count of sample returns for that same stratum. "Weights" are used to adjust for the various sampling rates used--the lower the rate, the larger the weight. For some studies, it is possible to improve the estimates by subdividing the original sampling classes into "post-strata," based on additional criteria or refinements of those used in the original stratification. Weights are then computed for these post-strata using additional population counts. The data on each return in a stratum are multiplied by that weight. To produce the tabulated estimates, these weighted data are summed to produce the published statistical totals.

*Compiled by Bettye Jamerson, Coordination and Publications Staff, under the direction of Robert Wilson, Chief, Publications Team. Major contributions were made by Paul McMahon, Mathematical Statistics Team.

SAMPLING VARIABILITY

The particular sample used in a study is only one of a large number of possible random samples that could have been selected using the same sample design. Estimates derived from the different samples usually vary. The standard error of the estimate is a measure of the variation among the estimates from all possible samples and is used to measure the precision with which an estimate from a particular sample approximates the average result of the possible samples. The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that this interval includes the actual population value.

In SOI reports the standard error is not directly presented. Instead, the ratio of the standard error to the estimate itself is presented in decimal form. This ratio is called the coefficient of variation (CV). The user of SOI data may multiply an estimate by its coefficient of variation to recreate the standard error and to construct confidence intervals.

For example, if a sample estimate of 150,000 returns is known to have a coefficient of variation of 0.02, then the following arithmetic procedure would be followed to construct a 68 percent confidence interval estimate:

150,000	(sample estimate)
x 0.02	(coefficient of variation)
= 3,000	(standard error of estimate)
150,000	(sample estimate)
+ or - 3,000	(standard error)
= 147,000-153,000	(68 percent confidence interval)

Based on these data, the interval estimate is from 147 to 153 thousand returns. A conclusion that the average estimate of the number of returns lies within an interval computed in this way would be correct for approximately two-thirds of all possible similarly selected samples. To obtain this interval estimate with 95 percent confidence, the standard error should be multiplied by 2 before adding to and subtracting from the sample estimate. (In this particular case, the resulting interval would be from 144 to 156 thousand returns.)

Generally in the *SOI Bulletin* only conservative upper limit CV's are provided for frequency estimates. These do, however, provide a rough guide to the order of magnitude of the sampling error.

Further details concerning sample design, sample selection, estimation method, and sampling variability for a particular SOI study, may be obtained on request by writing the Director, Statistics of Income Division.

NONSAMPLING ERROR CONTROLS AND LIMITATIONS

Although the previous discussion focuses on sampling methods and the limitations of the data caused by sampling error, there are other sources of error that may be significant in evaluating the usefulness of SOI data. These include taxpayer reporting errors, processing errors, and effects of an early cut-off of sampling. More extensive information on nonsampling error is presented in SOI reports, when appropriate. In transcribing and tabulating the information from the returns or forms selected for the sample, checks are imposed to improve the quality of the resultant estimates. Tax return data may be disaggregated or recombined during statistical "editing" in order both to improve data consistency from return to return and to achieve definitions of the data items that are more in keeping with the needs of major users. In some cases not all of the data are available from the tax return as originally filed. Sometimes the missing data can be obtained through field follow up. More often, though, they are obtained through imputation methods. As examples, other information in the return or in accompanying schedules may be sufficient to enable an estimate to be made; prior-year data for the same taxpayer may be used for the same purpose; or data from another return for the same year that has similar characteristics may be substituted. Research to improve methods of imputing data that are missing from returns continues to be an ongoing process [1].

Quality of the basic data abstracted from the returns is subjected to a number of quality control steps including 100-percent key verification. The data are then subjected to many tests based on the structure of the tax law and the improbability of various data combinations. Records failing these tests are then subjected to further review and any necessary corrections are made. In addition, the Statistics of Income Division in the National Office conducts an independent reprocessing of a small subsample of statistically-processed returns as a further check [2].

Finally, before publication, all statistics are reviewed for accuracy and reasonableness in light of provisions of the tax laws, taxpayer reporting variations and limitations, economic conditions, comparability with other statistical series, and statistical techniques used in data processing and estimating.

TABULAR CONVENTIONS

Estimates of frequencies and money amounts, that are considered unreliable due to the small sample size on which they are based, are noted in SOI tables by an asterisk (*) to the left of the data item(s). The presence of an asterisk indicates that the sample rate is less than 100 percent of the population and that there are fewer than 10 sample

observations available for estimation purposes.

A dash in place of a frequency or amount indicates that no sample return had that characteristic. In addition, a dash in place of a coefficient of variation for which there is an estimate indicates that all returns contributing to the estimate were selected at the 100-percent rate.

Whenever a weighted frequency in a data cell is less than 3, the estimate is either combined with other cells or deleted in order to avoid disclosure of information about individual taxpayers or businesses [3]. These combinations and deletions are indicated by a double asterisk (**).

NOTES

- [1] See, for example, Hinkins, Susan M., "Matrix Sampling and the Effects of Using Hot Deck Imputation," in *1984 Proceedings: American Statistical Association, Section on Survey Research Methods*. Other research efforts are included in *Statistical Uses of Administrative Records: Recent Research and Present Prospects*, Volume 1, Internal Revenue Service, March 1984.
- [2] Quality control activities for all SOI studies are published from time to time in a series of separate reports. These reports provide detailed information relating to quality in all phases of SOI processing.

- [3] For geographic statistics, these same steps are taken when a weighted frequency is less than 10.

REFERENCES

For information about the samples used for specific SOI programs see:

Statistics of Income--1987, Individual Income Tax Returns, (see especially pages 13-17).

Statistics of Income--1987, Corporation Income Tax Returns (see especially pages 11-19).

Statistics of Income--1978-82, Partnership Returns (see especially pages 237-244).

Statistics of Income--1979-83, Compendium of Studies of International Income and Taxes, Foreign Income and Taxes Reported on U.S. Tax Returns (see information about the samples used at the end of each chapter).

SOI Bulletin (see each issue).

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